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LAST ISSUE

Near East & South Asia

FBIS-NES-96-147
Tuesday
30 July 1996

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Daily Report
Near East & South Asia

FBIS-NES-96-147 *30 July 1996*

CONTENTS

NOTICE: An * indicates material that may not be disseminated in electronic form.

INTERNATIONAL AFFAIRS

Inter-Arab Affairs

Inter-Arab Affairs: Arab League Chief on Arab Position, Peace Process, Israel *[MENA]* 1
Inter-Arab Affairs: Official Condemns West for Harboring 'Terrorist Elements' *[MENA]* 1

Islamic Affairs

Political Islam Review; AL-SHA'B 19 Jul 1

Palestinian Affairs

Palestinian Affairs: Al-Zahhar Clarifies Decision on Halting Anti-Israeli Acts *[Jerusalem Radio]* 5
Palestinian Affairs: Hamas Appoints New Military Leader, Plans To Resume Attacks *[Jerusalem Radio]* 6
Palestinian Affairs: Hamas Renews Call For Abu-Marzuq's Release *[AL-QUDS 25 Jul]* 6
Palestinian Affairs: 'Arafat Adviser Views Remarks Calling 'Ayyash 'Martyr' *[IMRA News Service]* 6
Palestinian Affairs: Palestinian Council Member on Territories Construction *[Tel Aviv Radio]* 7
Palestinian Affairs: Al-Tarifi—Siege-Lifting 'Mere Talk' by Israeli Media *[Cairo International]* 7
Palestinian Affairs: Minister Denies Israel Easing Siege *[Jericho VOP]* 7
Palestinian Affairs: 'Arafat on Peace Process, Israel's Netanyahu *[Milan PANORAMA 1 Aug]* 8
Palestinian Affairs: Al-Husayni on Jerusalem, Netanyahu Government *[AL-DUSTUR 29 Jul]* 9

ARAB AFRICA

Algeria

Algeria: Bomb in Tearoom Kills 1, Injures 10 *[Algiers Radio]* 11
Algeria: Car Bomb Explodes Near Algiers 28 Jul *[Paris International]* 11
Algeria: Zeroual Invites Main Parties to Bilateral Talks 3 Aug *[Algiers TV]* 11

Egypt

Egypt: Islamid Jihad Vows To Send U.S. Soldiers Home 'in Coffins' *[London AL-QUDS AL-'ARABI 29 Jul]* 11
Egypt: Musa Rules Out Reinterpretation of Resolution 242 *[Cairo Radio]* 12
Egypt: Musa Views Mubarak's Talks With U.S. Officials *[MENA]* 12
Egypt: Musa on Peace, Investment Prospects *[MENA]* 12
Egypt: Minister Views Talks With IMF as 'Successful' *[MENA]* 15
Egypt: Minister Comments on World Bank President, Mubarak Meeting *[Cairo Radio]* 15
Egypt: Official Cited on U.S.-Egyptian Council Goals, Investments *[MENA]* 15
Egypt: Significance of Mubarak's U.S. 'Peace Mission' Viewed *[Cairo Radio]* 16
Egypt: MENA Reports on Mubarak CNN Interview *[MENA]* 17

Egypt: Papers Comment on Mubarak-Clinton Summit *[MENA]* 18

Libya

Libya: Opposition Claims Regime Using Mustard Gas Against Rebels *[London AL-HAYAH 28 Jul]* 19

Sudan

Sudan: DUP SecGen on Dialogue Plan, SPLM Response *[London AL-SHARQ AL-AWSAT 27 Jul]* 20
Sudan: Opposition Group Claims Five Sudanese Army Soldiers Killed *[London AL-HAYAH 30 Jul]* 21

ARABIAN PENINSULA

Kuwait

Kuwait: Kuwait Urges Pressure on Iraq To Secure POW's Release *[Kuwait Radio]* 22

Saudi Arabia

Saudi Arabia: Prince Sultan Holds Talks With 'Arafat in Jeddah *[SPA]* 22
Saudi Arabia: Yemen Agrees on Security, Other Matters *[SPA]* 22
Saudi Arabia: Government Executes Iraqi National for Murder *[Riyadh Radio]* 23
Saudi Arabia: Paper Hits 'Selfish, Shortsighted' U.S. Policies in Gulf *[London AL-QUDS AL-'ARABI 29 Jul]* 23

Yemen

Yemen: 'Arafat, Delegation Arrive on Visit *[Sanaa Radio]* 24
Yemen: Salih Receives 'Arafat, Reiterates Support for Palestinians *[Sanaa TV]* 24
Yemen: Salih, 'Arafat Discuss Israeli Policy *[Jericho VOP]* 25

IRAQ

Iraq: Trade Minister Receives Chinese Delegation *[INA]* 26
Iraq: UN Official Says Iranian Troops Pull Back From Camp *[AFP]* 26
Iraq: Agriculture Minister Receives UN Official *[INA]* 27
Iraq: Kurdish Radio Says Iranian Planes Bomb Sites Near Irbil *[Voice of Iraqi Kurdistan]* 27
Iraq: Barzani Party Demands Iranian Troop Withdrawal, Blames PUK *[Voice of Iraqi Kurdistan]* ... 27
Iraq: 'Kurdistan Region Government' Denounces Iranian Attack *[Voice of the People of Kurdistan]* 28
Iraq: Kurdistan Parliament Speaker Denounces Iranian Attack *[Voice of Iraqi Kurdistan]* 28
Iraq: Saddam Comments on Link Between Private, Public Sectors *[Baghdad TV]* 28
Iraq: Tribe Members Attack Mosul Jail, Release Prisoners *[Voice of Rebellious Iraq]* 29

ISRAEL

Israel: Netanyahu To Visit Amman 5 Aug *[Jerusalem Radio]* 30
Israel: Official Stresses Israel Seeking 'Lebanon First' Solution *[Jerusalem Radio]* 30
Israel: Government Views 'High Strategic Value' in Deal With Turkey *[Jerusalem TV]* 30
Israel: Settlers, Netanyahu Hold 'Positive' Talk; No Promises Made *[Jerusalem Radio, etc.]* 30
Israel: Minister Eytan's New Territories Branch Viewed 'Political' *[Jerusalem Radio]* 31
Israel: Defense Source Believes PA Violates Accord To Prompt Talks *[HA'ARETZ 30 Jul]* 31
Israel: Netanyahu Aide Promises 'Unexpected Moves' *[London AL-SHARQ AL-AWSAT 29 Jul]* 32

JORDAN

Jordan: Crown Prince Sends Cables of Condolences to Clinton, Gore *[Amman TV]* 34

Jordan: King Husayn Returns Home, Comments on Europe Visit *[Amman TV]* 34
Jordan: Kissinger Reportedly Makes 'Secret' Visit to Jordan *[AL-ITTIHAD 28 Jul]* 34
Jordan: Source Denies U.S, UK, French Charges on Libya Sanctions *[AL-DUSTUR 26 Jul]* 34
Jordan: Al-Mu'ashshir on Foreign, Domestic Policies *[AL-ASWAQ 27 Jul]* 35
Jordan: Germany To Provide JD22m Loan for Sewage, Water Projects *[JORDAN TIMES 27 Jul]* ... 38
Jordan: Jordan Denies Role in Iraqi Coup Attempt *[JORDAN TIMES 30 Jul]* 38
Jordan: PLO's Qaddumi—Leadership 'No More Trusts' Israeli Stand *[JORDAN TIMES 30 Jul]* 39
Jordan: Al-Kabariti on Israel, Peace, Arab Ties *[AL-DUSTUR 27 Jul]* 39
Jordan: Ministry Denies Reports of Jerusalem Property Seizure *[AL-URDUN 27 Jul]* 42
Jordan: Minister on Ties With PA, Netanyahu Visit, Jerusalem *[Gaza AL-HAYAH AL-JADIDAH 26 Jul]* 42
Jordan: Official Denies Israel Not Abiding by Water Agreement *[JORDAN TIMES 28 Jul]* 43
Jordan: Information Minister on Ties With Syria, Netanyahu Visit *[JORDAN TIMES 30 Jul]* 44
Jordan: Al-Mu'ashshir on Bread Subsidy, Syria, Iraq *[AL-DUSTUR 30 Jul]* 45

LEBANON

Lebanon: Fadlallah Warns of U.S., Israeli 'Ploy' Against Syria *[AL-ANWAR 27 Jul]* 47
Lebanon: Israeli Shelling, Overflights Reported *[Beirut Radio]* 47
Lebanon: 'Resistance' Attacks SLA Patrol in South *[VOL]* 47
Lebanon: Hizballah's Nasrallah Rules Out Arrangements With Israel *[Voice of the Oppressed]* 47

SYRIA

Syria: Arab League Chief Makes Statement, Departs 29 Jul *[Damascus Radio]* 48
Syria: Chief of Staff on Army's 'Preparedness,' Peace Stand *[SANA]* 48
Syria: Radio Cites 'Reasons' for Israel's 'Lebanon-First' Proposal *[Damascus Radio]* 48

SOUTH ASIA

Afghanistan

Afghanistan: Foreign Ministry Officials Meet UN Envoy *[Kabul Radio]* 50
Afghanistan: Officials Meet Iran's Deputy Foreign Minister *[Tehran TV]* 50
Afghanistan: New Defense Minister Meets With Iranian Deputy Minister *[IRNA]* 50
Afghanistan: Defense Ministry Vows To Ensure Kabul's Security *[Kabul Radio]* 50

Bangladesh

Bangladesh: Finance Minister Announces 1996-97 Fiscal Year Budget *[Dhaka Radio]* 51

India

India: Indian Envoy Threatens To Block CTBT Talks *[Delhi Radio]* 53
India: Indian External Ministry Official Comments on CTBT *[Delhi Radio]* 53
India: Paper Says China's Tibitan ICBM's Target Indian Cities *[PUNJAB KESARI 21 Jul]* 53
India: Court Dismisses Rao's Petition in 'Cheating' Case *[Delhi International]* 54
India: Finance Minister Discusses Reforms *[THE TIMES OF INDIA 27 Jul]* 54
India: Chidambaram—Economic Reform To Continue *[THE TELEGRAPH 25 Jul]* 56
India: Chief Economic Adviser Interviewed on Economic Turn Around *[BUSINESS STANDARD 26 Jul]* 58
India: Senior Janata Dal Party Leader Resigns *[Delhi Radio]* 60
India: Janata Dal Leader Refutes Resigning Leader's Charges *[Delhi Radio]* 60
India: Police Blame 'Muslim Guerrillas' for Attack at Mosque *[AFP]* 60

Iran

Iran: IRGC Kills 'At Least 20' KDPI Activists in Northern Iraq *[Tehran TV]* 61

Iran: Clandestine Radio Says No Human Losses in Border Attack *[Voice of Iranian Kordestan]* 61
Iran: Opposition Views Attack by Regime's 'Mercenaries' *[Voice of Iranian Kordestan]* 62
Iran: Iranian Opposition Expresses Solidarity With DPIK *[Voice of Mojahed]* 62
Iran: Dissident Leftist Calls Attack 'Humiliation' for Iran *[Voice of the Worker]* 63
Iran: Iranian Raids Into Iraq Blamed on U.S. Policy Toward Saddam *[THE GUARDIAN 30 Jul]* 64
Iran: Envoy to UN Affirms Iran's Right To Suppress Cross-Border Raids *[IRNA]* 64
Iran: Daily Backs Reaction of Iranian Forces in Northern Iraq *[IRNA]* 65
Iran: Tehran Responds To U.S. Criticism of Cross-Border Operation *[Tehran International]* .. 65
Iran: Two Dailies Condemn Bomb Blast in Atlanta *[IRNA]* 65
Iran: Daily Comments on Atlanta Olympic Park Explosion *[IRNA]* 66
Iran: Commentary Views Reaction to U.S. Sanctions Against Iran *[Tehran International]* 66
Iran: Velayati on Iran's 'Crucial Role' in Hizballah-Israel Swap *[IRAN NEWS 23 Jul]* 67
Iran: U.S., Zionist Efforts To Mar Argentine-Iran Ties Scored *[SALAM 18 Jul]* 67
Iran: Israeli Attack 'Opportunity' for Arab-European Relations *[IRAN 25 Apr]* 68
Iran: Larijani Hails 'Exceptional' Relations With China *[IRNA]* 69
Iran: Foreign Minister Meets Visiting Chinese Parliamentarian *[Tehran Radio]* 69
Iran: Majles Speaker Meets Visiting PRC Parliamentarian *[Tehran Radio]* 70
Iran: ABRAR on India's Nuclear Stands, Russia's Mediation *[ABRAR 17 Jul]* 70
Iran: Canadian Ambassador Notes Need To Strengthen Economic Ties *[IRNA]* 71
Iran: Iranian Envoy, OIC Chief Discuss Bosnia, Palestine *[IRNA]* 71
Iran: Commentary Views Delivery of F-16 Fighters to Taiwan *[Tehran International]* 71
Iran: Ayatollah Yazdi Delivers Friday Prayers *[Tehran International]* 72
Iran: Ayatollah Javadi-Amoli Delivers Qom Friday Prayers *[Tehran TV]* 73
Iran: Cleric Encourages Friday Prayer Attendance *[Tehran TV]* 74
Iran: Daily Hails Rafsanjani's Call For 25-Year Development Plan *[IRNA]* 75
Iran: ETTELA'AT Interviews Deputy Foreign Minister *[ETTELA'AT 18 Jul]* 75
Iran: Volunteer Militia Establish Large Military Camp *[Tehran TV]* 78
Iran: Industrial Growth Rate To Exceed 10 Percent *[IRNA]* 78
Iran: Inflation Rises 28.8 Percent in Urban Areas *[IRNA]* 79
Iran: Government Economic Policies Called Damaging to Investment, Exports *[KAR VA KARGAR 21 Apr]* 79
Iran: Oil Derivatives Imported From Azerbaijan to Ardebil *[IRNA]* 80
Iran: Factions in New Majles, Impact on Presidential Elections Viewed *[KAR VA KARGAR 23 Apr]* 80
Iran: Majles Investigation of City Hall *[KEYHAN-E HAVA'I 5 Jun]* 81
Iran: Provincial Majles Deputies Show Like-Mindedness *[RESALAT 22 Jul]* 90
Iran: Member of Assembly of Experts Dies *[Tehran Radio]* 90
Iran: Foreign Media 'Exaggerated' Number of War Dead *[TEHRAN TIMES 27 Jul]* 90
Iran: Death Sentence for Man Who Fired at Rafsanjani in 1994 *[KAYHAN INTERNATIONAL 24 Jul]* 91
Iran: High Prices Bemoaned, Merchants Attacked *[KAR VA KARGAR 21 Apr]* 91
Iran: General Views Law Enforcement Forces' Obligations *[RESALAT 17 Jul]* 93
Iran: Western Press' Anti-Iranian Stands Criticized *[ABRAR 22 Jul]* 93
Iran: Liberalism Called 'Destructive,' 'Chronic' *[KAR VA KARGAR 21 Apr]* 94
Iran: SALAM Answers Callers' Questions on Domestic Issues *[SALAM 20 Jul]* 95

Nepal & Bhutan

Nepal: Indian Embassy Says Boundary Has Moved Into India *[THE KATHMANDU POST 26 Jul]* 95
Nepal: Bank Official Says Finance Minister's Dollars Legal *[THE KATHMANDU POST 28 Jul]* 96

Pakistan

Pakistan: U.S. 'Pressure' Against Economic Ties With Iran Noted *[NAWA-I-WAQT 28 Jul]* ... 96

Pakistan: Report Says ISI Purged of Extremists on U.S. 'Order' *[JASARAT 27 Jul]* 97
Pakistan: Government Cancels Food, Fuel Permits for Afghanistan *[THE NEWS 28 Jul]* 97
Pakistan: Agencies Alert Government Against More Terrorist Attacks *[PAKISTAN 27 Jul]* 97
Pakistan: Government Invites JI Chief Qazi for Talks *[THE FRONTIER POST 26 Jul]* 98

Sri Lanka

Sri Lanka: Government Soldiers Capture 'Key Town' From LTTE *[AFP]* 98
Sri Lanka: Troops Still Fighting To Recover Mullaitivu Base *[Tamil Eelam News WWW]* 99
Sri Lanka: LTTE—Army Withdraws 'in Total Disarray' *[Tamil Eelam News WWW]* 100
Sri Lanka: Report Updates Troops' Operation Against Tamil Tigers *[DAILY NEWS 29 Jul]* ... 100
Sri Lanka: Troops Consolidate Position in Paranthan; One Major Killed *[Colombo International]* 101

Inter-Arab Affairs

Inter-Arab Affairs: Arab League Chief on Arab Position, Peace Process, Israel

NC2907190196 Cairo MENA in Arabic 1730 GMT 29 Jul 96

[FBIS Translated Excerpt] Damascus, 29 Jul (MENA)—Arab League Secretary General Dr. 'Ismat 'Abd-al-Majid has emphasized that Israel's latest proposal on "Lebanon first" is an attempt to cause a rift between Syria and Lebanon, and that this attempt will fail. He noted the importance of association between the two sisterly states.

In an interview with MENA's correspondent in Damascus, Dr. 'Abd-al-Majid called for backing and maintaining the link between Syria and Lebanon. The aim, he said, is to achieve a link between the two peoples and to realize Syria's and Lebanon's goal—a just and comprehensive peace and Israel's pullout from southern Lebanon and the Syrian Golan.

Dr. 'Abd-al-Majid said it is very clear that if Security Council Resolution 425 is to be implemented, it must be implemented without preconditions, because the resolution explicitly stipulates Israel's withdrawal from southern Lebanon and contains no conditions.

In his interview, the Arab League secretary general called for the need to try the Israeli officials who caused the Qana massacre, just as war criminals in Bosnia-Herzegovina are being tried. He also called for Israel to pay compensation for the victims of the Israeli Massacre in Qana.

Asked his impression after visiting Qana, he said: I was extremely moved and laid wreaths on the graves of the martyrs who died in the Israeli massacre. He described the massacre as a brutal act.

He said: I myself sensed the angry feelings of the Qana residents. This proves again the need to pursue the peace process and avert anything that could escalate tension in the region.

The Arab League secretary general held Israel fully responsible for hampering the peace process in the region and added that the current Israeli Government is violating what the previous Israeli Government had agreed upon.

Dr. 'Abd-al-Majid emphasized that the current situation calls for concern and stressed the need to restart the peace process, guarantee the implementation of the Madrid resolutions, apply the relevant Security Council resolutions, and respect the principle of land for peace.

'Abd-al-Majid was asked about some people's view that adherence to peace against Israel's objection is a sign of weakness. He said: I do not endorse this analysis. He stressed that the Arabs' rights are established internationally and legitimately, and that the Arabs insist on their rights and will never abandon them.

Asked about his tour of Syria and Lebanon, he said: It was useful and fruitful. I listened to the officials' analysis and assessment of the situation there.

He added that he met and discussed with Syrian President Hafiz al-Asad the Arab situation, developments in the region, the Cairo summit's resolutions, and the peace process, in addition to asserting the Arab League's eagerness to support the Syrian and Lebanese stands. He said he also held talks with Syrian Foreign Minister Faruq al-Shar' on the future of the peace process in the region. [passage omitted]

Inter-Arab Affairs: Official Condemns West for Harboring 'Terrorist Elements'

NC2907120296 Cairo MENA in Arabic 1125 GMT 29 Jul 96

[FBIS Translated Text] Cairo, 29 Jul (MENA)—Dr. Ahmad Bin-Muhammad al-Salim, secretary general of the Arab Interior Ministers' Council, has condemned foreign countries that shelter the stray terrorist elements under the name of human rights, freedom, and democracy and on whose territories plans of violence and terrorism are drawn.

In a statement today, Dr. al-Salim added that it is ironic that while these elements declare war on the Western countries and accuse them of being hostile to Islam and Muslims, they use the facilities and services of these countries to create sedition, unrest, and disturbances in our Arab world. He appealed to every citizen to be cautious and alert to conspiracies against Islam carried out by factions that hide behind the garment of Islam and pretend to be its advocates while in fact they are weakening and exhausting the Arab nation.

He stressed that if the terrorist operations that take place in our Arab homeland and are planned abroad are greatly harmful to Islam, it is the people who are mostly harmed by these acts. This places a responsibility on the people to cooperate with the security officials to track down terrorists, curb its sabotage activity, and finish them off.

Islamic Affairs

Political Islam Review; AL-SHA'B 19 Jul

NC2607123896

[FBIS Report] The following is a comprehensive review of all items in the 19 July edition of the Cairo Arabic

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language newspaper AL-SHA'B that pertain to political Islamic issues.

CONTENTS:

1. Lawyers Union Sequestrator Files Court Case for Dismissal
2. "Was There an Attempt on 'Adil Husayn's Life?" Report Wonders
3. Force That Attacked Majdi Husayn Came From Outside Cairo
4. Report Provides Details on Mubarak-Netanyahu Talks in Cairo
5. Actors Condemn "Natin Yahu's" Visit to Egypt
6. Writer Shukri Tells Netanyahu Arabs Do Not Fear Him
7. Writer Publishes Report on U.S. Policy Toward "Pivotal States"
8. Interview With Figure on Establishment of Private TV Station
9. Report on al-Wasat Party Trial Postponement
10. Writer Notes "Egypt Is Sad" Because of Netanyahu's Visit
11. Appeal to Imam, Pope To Stop Showing U.S. Soap Opera
12. 'Adil Husayn on Netanyahu's Upcoming Visit, Terrorism, Unity

LAWYERS UNION SEQUESTRATOR FILES COURT CASE FOR DISMISSAL

A 100-word report on page 1 by Muhammad Hilal discusses a court case filed by Dr. Muhammad Salim al-'Awwa, judicial sequestrator of the Lawyers' Association, in a court in Cairo in which he asks that he be relieved of duty because "it is impossible for him to perform his duties in a way that satisfies his professional and personal conscience and promotes the interests of the Association and the lawyers, not the personal interests of a certain group or trend." Al-'Awwa is opposed to the unjust measures he feels are being taken against the Associations' branches, funds, and elected councils by the other sequestrators.

"WAS THERE AN ATTEMPT ON 'ADIL HUSAYN'S LIFE?" REPORT WONDERS

A 50-word report on page 1 discusses the possibility of an attempt on 'Adil Husayn's life. He was supposed to go to a meeting, which he cancelled at the last minute. Someone else drove his car and had an accident. Later, it was found that the lug nuts on its wheels had been loosened. The report wonders: "Was this an attempt to kill 'Adil Husayn?"

FORCE THAT ATTACKED MAJDI HUSAYN CAME FROM OUTSIDE CAIRO

A 60-word report on the same page notes that the gang that attacked Majdi Ahmad Husayn, chief editor of AL-SHA'B, came from outside Cairo according to trusted sources in the Ministry of Interior, in order not to be recognized by anyone. However, one policeman was a local because he was needed to identify Husayn.

REPORT PROVIDES DETAILS ON NETANYAHU-MUBARAK TALKS IN CAIRO

A 200-word report by Rabi' Shahin on pages 1 and 8 alleges the failure of Netanyahu's talks with President Mubarak in Cairo. The report says AL-SHA'B learned that discussion of the controversial issues such as Israel's massacre of Egyptian prisoners and nuclear weapons was postponed and that only topics relating to the peace process and bilateral relations were discussed. Netanyahu made various accusations of Iran, Iraq, and Syria supporting terrorist operations in the region. The Israeli prime minister reportedly "alleged that campaigns by Egyptian papers are worrying Israel and affect bilateral relations." AL-SHA'B also learned that "Cairo warned Netanyahu of the dangers of continuing his extremist policies and the effects this will have on the future of the region. They warned that this could breed violence and counterviolence. His policy has also contributed to fanning the fire of the intifadah in the occupied territories."

ACTORS CONDEMN 'NATIN YAHU'S' VISIT TO EGYPT

A 100-word report on page one notes that "the Actors' Association Council, headed by 'Abd-al-Ghaffar 'Awdah, doyen of the acting profession, has issued a statement on the occasion of 'Natin Yahu's' visit to Egypt." Israeli Prime Minister Binyamin Netanyahu's name is given as Natin Yahu in Arabic, which in the Egyptian dialect means "the rotten one — there he is." The statement says there is no difference between the Likud Bloc and the Labor Party in Israel other than the masks they wear. It reaffirmed earlier decisions to boycott all normalization efforts with the Zionist enemy.

WRITER SHUKRI TELLS NETANYAHU ARABS DO NOT FEAR HIM

Ibrahim Shukri, chairman of the board of AL-SHA'B newspaper, writes a 400-word column on page 1 in which he comments on the contents of the news conference President Mubarak and Netanyahu held in Cairo after their meetings. Shukri says that from the questions the Israeli reporters asked, it was evident that President Mubarak deals with Netanyahu's visit

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to Cairo differently from the opposition newspapers, who reportedly said that "the visit has polluted Cairo's atmosphere and gave off a bad smell all over." He accuses the reporters of attempting to divert attention from the real reasons Netanyahu's visit is rejected. These reasons relate to the statements he has made ever since he came to power that Jerusalem is the eternal capital of Israel, that Israel will continue to occupy Arab lands, and that he will increase settlements. Shukri adds: "What we object to and oppose very strongly is the aggressive, expansionist Zionist thinking." He notes that not only the Arabs object to this, but "all international resolutions support the Arab stance, and the international community also issued a resolution equating Zionism with racism." Addressing Netanyahu, Shukri says: "Our Arab people do not tremble before your muscle-flexing. Likewise, they do not care about your personal elegance or sweet statements." Shukri expresses the hope that in the end, they will be able to realize the historic rights of their people, irrespective of how long that takes.

WRITER PUBLISHES REPORT ON U.S. POLICY TOWARD 'PIVOTAL STATES'

Page two publishes a 1000-word report by Kamal Habib on U.S. strategy toward the Muslim World, in particular Egypt. The report discusses what the United States categorizes as pivotal states - states "that have peculiar strategic characteristics" - on which the U.S. can concentrate, rather than divide its interests evenly on all world countries. The report notes that during the Cold War, the United States faced one known enemy, but now "chaos and instability constitute the major threat to U.S. interests." U.S. policy now consists of resisting interference in the affairs of those states that are considered marginal to U.S. interests. The most important characteristic of the pivotal state, as far as the United States is concerned, is that it has regional influence in that if it were to collapse, it would affect the countries around it. Examples of pivotal states are Algeria, Egypt, South Africa, Indonesia, Turkey, India, Pakistan, Mexico, and Brazil. Habib elaborates on Egypt as a pivotal state by highlighting its important geographic position, political trends, closeness to the oil regions, leading role in peace with Israel, and other factors. Egypt also constitutes a fortress against radical Muslims. The collapse of the current Egyptian regime would greatly harm U.S. interests in the region, more so than the Iranian revolution did. "Because of Egypt's importance to the Americans, the latter are bolstering its stability by granting it financial aid," Habib says. They have also written off part of its debt. In conclusion, Habib notes that most of the pivotal states are Islamic states, which leads to the deduction that "this is the United States' policy toward the Islamic world in the post-cold war era. The strange factor is that this idea is based on the consideration that the future of these countries is vague and uncertain, and that internal dangers threaten their stability; therefore, these have to be contained. Is this then an attempt to stir up disturbances in these countries?" He advises the Islamic countries and Egypt to establish their foreign policy based on their own interests and mutual dependence. He tells the Egyptian government to bolster internal peace and find a state of general concord for all political forces, including the Islamists.

INTERVIEW WITH FIGURE ON ESTABLISHMENT OF PRIVATE TV STATION

Page three publishes a 3000-word interview with Ibrahim al-Dasuqi Abazah, identified as the first Egyptian to submit a request to establish a private television channel, on the details of such a step and the information minister's response. He has filed a case in the courts against the government's monopoly of the media. He discusses the media situation in Egypt and his case against the government on the establishment of a private television channel. He notes that he has great hopes of winning his case, and that if there are any restrictions, he will transmit from abroad into Egypt via satellite.

REPORT ON AL-WASAT PARTY TRIAL POSTPONEMENT

A 1500-word report by Dawud Hasan on page 4 describes the al- Wasat Party's trial. The court has decided to postpone hearing the defense's argument until 22 July. The report details points and arguments that were presented during the case. The prisoners are also defending themselves in the court and are presenting their own cases, the report says.

WRITER NOTES 'EGYPT IS SAD' BECAUSE OF NETANYAHU'S VISIT

"A Frank Word" column on page 12 by Mahmud Bakri is entitled "Egypt Is Sad." Bakri comments on Netanyahu's visit to Egypt, claiming that Egypt is sad about the visit and its people are furious. He says: "Natin [rotten person] has desecrated our land, breathed its air, drank its water despite its people. He is an onerous and undesirable guest." He wonders why the Egyptians have to be hypocritical about this visit and smile at someone who has humiliated them. He expresses his displeasure with the fact that the Egyptian rulers sat down with this "terrorist" while the people in the Golan Heights live under the yoke of the oppressive occupation. He warns the leaders in Egypt: "Do not do this again and

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welcome this appalling face. Allow our heroic people to say no to these criminals." He asks the leaders to expel the Israeli ambassador to Egypt, whom he labels a spy. He concludes: "There are no gains from dealing with the enemy, only utter loss. The homeland is weeping, the nation is writhing in agony; please restore the smile to the face of the people and end their plight. Enough of what has happened to us. Let us work toward a tomorrow that is free of Netanyahu and his ilk."

APPEAL TO IMAM, POPE TO STOP SHOWING U.S. SOAP OPERA

AL-SHA'B publishes on page 5 a 40-word "appeal" to the grand imam and the Coptic pope to intervene with the television stations to "stop the outrage represented in the program 'The Bold and the Beautiful.' We do not know why this program was returned to the screen after we got rid of it," the report says.

'ADIL HUSAYN ON NETANYAHU'S UPCOMING VISIT, TERRORISM, UNITY

A 4,000-word article by 'Adil Husayn on page 5 discusses Netanyahu's coming visit to Cairo and reviews the history of Arab-Israeli relations, with particular focus on Anwar al-Sadat's peace efforts. He opens his article by saying: "Whether I write this article before Netanyahu comes or afterward makes no difference because the man is clear and his stances are even clearer. In return, our stances will be just as clear, and God willing, firmer." He notes that since Netanyahu took power in Israel, things have become crystal clear: "There will be neither land nor peace. And frankly, what is required, as we said earlier, is full capitulation without any restrictions or conditions; otherwise, there will be killing and burning."

Husayn notes that Netanyahu's visit to Egypt prepares the ground for "his military action to strike the strongholds of terrorism. For this he must neutralize Egypt and distance it from the arena of fighting, if he can." He wonders how the Arabs will manage to restrain Netanyahu and cut him down to size, and notes that a review of our recent history will help answer this question. Husayn then reviews political and other developments in the region since 1967, and says: "Security Council Resolution 242 remained mere talk, until we terrorized them with our military and oil powers. Only then did they remember that there is a Security Council resolution and that there are occupied Arab lands. They said: Everything will be resolved in four months."

Husayn says our enemies must understand that we can hurt them if they insist on weakening us and ignoring our rights. On whether he is opposed to the peace negotiations, Husayn comments: "Nobody in their right mind can oppose negotiations in principle. But negotiations are not an objective on their own." He adds: "What is happening is not negotiations, nor is it a preparation for the negotiations. There is no give and take. We are expected to give and surrender all the time without getting anything in return."

Husayn notes that the price of peace has risen steadily over the past years, from a mere termination of the state of war with Israel as stipulated in resolutions 242 and 338, to diplomatic relations and arrangements for Zionist hegemony in Madrid, and finally to peace for Israel in return for nothing for us. He comments: "The American-Zionist alliance will not abandon their haughtiness and belligerence until we return to the seventies principle, the principle that what has been taken by force can only be returned by force." Husayn notes that so long as the U.S. Administration does not feel threatened by the Arabs and does not reckon with them as a power, it will feel calm and relaxed and will turn a blind eye to the cocky Israeli demands. Husayn says: "What we would like to confirm is that we now have some tools of power that allow us to strike God's enemy if he attacks us. The power of the Islamic Republic of Iran has been added to the Arab nation and missiles with chemical warheads now surround the Zionist entity from all sides." Inside the occupied territories, Husayn says, the suicide bombers are ready to strike panic in the hearts of the Zionists. On the subject of fighting terrorism, Husayn notes that an integrated, courageous, and frank stance is now required to change the balance of power and secure our rights. He notes the importance of the role played by the Islamists in resisting the occupation, particularly the suicide bombers whose numbers increase with the increasing Israeli extremism and U.S. support for it.

Moving on to the topic of attacks against the United States, Husayn expresses his opinion that the United States cannot bear to see its sons being killed abroad in defense of their nation's strategic interests. He reviews attacks on U.S. interests abroad, such as the bombings in Lebanon, and more recently Riyadh, and al- Khubar. He notes that the Americans are afraid of these attacks, as are the Zionists, whose leadership is demanding that the strongholds of resistance in Syria, Lebanon, and Iran should be targetted under the slogan of "combating Islamic terrorism." Husayn adds that the United States could have softened its stance toward the Arabs by disengaging itself to an extent from the Zionists and decreasing its bias towards them, but it obviously has not taken this option and Clinton is concentrating his efforts on stepping up security measures. He remarks that Netanyahu visits Egypt to try and neutralize it politically: In other

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words, to prevent it from inciting the world to show solidarity with countries and forces that are attacked. Husayn says: "If, for example, our policies continue to condemn 'Islamic-Iranian terrorism' and 'Islamic-Sudanese terrorism,' thus agreeing with the U.S.-Zionist stance, and if the government's internal policy continues to consider every Islamist as necessarily a 'terrorist project' that deserves to be put in prison and tortured, regardless of his pledges that he is a religious believer, and irrespective of how well he proves through his behavior that he calls for reform through wisdom and good counsel; if such policies continue to exist, then it will only be logical for the Egyptian Government to be asked to maintain its silence if the strongholds of the Islamists in the region are hit, since they are terrorists as it admits itself." He concludes this section by saying that if the Egyptian Government wants to glorify powers to force the enemies to implement the land-for-peace formula, then it should ally with all the internal forces that stand in the confrontation line, foremost of which are certainly the Islamic currents.

The last section of 'Adil Husayn's article discusses privatization in Egypt, noting that in view of all the previous discussions, privatization in Egypt should be abandoned. He is critical of the government's privatization program and notes that it falls within the schemes of weakening Egypt. He concludes that confrontation with Netanyahu, "the cowardly butcher," can only take place with a material force, and that there is a need for serious national dialogue regarding the reasons for winning over this force.

Palestinian Affairs

Palestinian Affairs: Al-Zahhar Clarifies Decision on Halting Anti-Israeli Acts

TA2907154696 Jerusalem Qol Yisra'el in Arabic 1430 GMT 28 Jul 96

[FBIS Translated Text] Dr. Mahmud al-Zahhar, one of the senior Hamas [Islamic Resistance Movement] leaders, has stated that the Palestinian Authority [PA] and Hamas have only one of two options: Either infighting or resorting to dialogue in order to reach agreement. Al-Zahhar believes that participation in the political arena requires a strong opposition like Hamas.

Our correspondent Yasir 'Atilah conducted an interview with Dr. Mahmud al-Zahhar:

[Begin recording] ['Atilah] Dr. Mahmud al-Zahhar, one of the senior Hamas leaders in the territories, has stated that the PA and Hamas have only two options: Either internecine fighting or reaching a fruitful dialogue.

[Al-Zahhar] We have two options: Either infighting, which will be a catastrophe for the Palestinian people and the Palestinian cause for many years, or we reach a stage of fruitful dialogue among ourselves that will end in an ethical and moral agreement.

['Atilah] Dr. al-Zahhar said that the movement will not impose conditions on the PA, nor will it accept preconditions imposed by the PA. He added that the Islamic factions should agree on a unified program for dialogue, bearing in mind that many issues have not been resolved yet such as Jerusalem, the settlements, and the prisoners. Therefore, a suitable climate should be created for launching a dialogue by releasing the Palestinian prisoners in Palestinian jails and allowing freedom of movement for Hamas leaders inside the self-rule areas. Dr. al-Zahhar said that contacts are under way between the PA and Hamas. Hence, the PA should pressure Israel to moderate its intransigent positions on the freedom of movement of Hamas leaders seeking to hold contacts and discussions in a bid to coordinate stances.

Dr. al-Zahhar denied that Hamas adopted a decision to halt operations until after the Israeli elections, rather it had called on the 'Izz-al-Din al-Qassam squadrons to stop operations for two weeks prior to the Israel elections.

[Al-Zahhar] The talk about a decision is incorrect. There was an appeal to the brothers in the military wing to stop military action for about two weeks before the Israeli elections. This was because of the negative repercussions of these operations on the Islamic Movement in the first place.

['Atilah] In addition, Hamas did not want to become a party in the Israeli elections. Moreover, it wanted to refute anti-Hamas propaganda that the movement was seeking to bring the Likud Party to power instead of the Labor Party in a bid to thwart the Oslo plan, which is an international plan that was agreed on by the Zionist movement, as Dr. al-Zahhar said. Hamas does not differentiate between the two parties. Does this mean that the Hamas political leadership has influence over the 'Izz-al-Din al-Qassam squadrons? This is not true, he said, and added:

[Al-Zahhar] Their response the previous time does not mean that the political apparatus issues instructions, but as you are aware the movement has its own specific political perception and a specific moral stance to which everyone adheres on the basis of the principles of Islam.

['Atilah] Dr. al-Zahhar agrees with the statements by Shaykh Hamami that it is essential to enter the political arena through its widest doors.

[Al-Zahhar] I agree with brother Jamil Hamami on the need for the movement to operate politically with utmost

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power, because the political arena requires a strong opposition like Hamas. I assert that the remarks of Shaykh Jamil Hamami are totally acceptable to me and to all sons of the Palestinian people inside and outside.

['Atilah] On the participation of Hamas in the executive authority's institutions, Dr. al-Zahhar said that Hamas will not refrain from participating in all student, professional, labor union, and municipal elections, but that in the current stage conditions are not suitable for joining the executive authority in light of the conditions imposed by the Oslo agreement.

In conclusion, Dr. al-Zahhar commented on the remarks by Shaykh Hamami that he is not close to Hamas at all, saying that the remarks were uttered in a moment of anger. Shaykh Jamil Hamami is one of the most prominent Hamas leaders and has an important position in the movement. [end recording]

Palestinian Affairs: Hamas Appoints New Military Leader, Plans To Resume Attacks

TA3007052596 Jerusalem Qol Yisra'el in Hebrew 0500 GMT 30 Jul 96

[FBIS Translated Text] Our correspondent Yoni Ben-Menahem has learned that Hamas [Islamic Resistance Movement] in Judaea and Samaria has rehabilitated its infrastructure, which was hurt by the wave of arrests of its activists by Israel and the Palestinian Authority. It has also been learned that the Hamas military arm has appointed a new commander to replace Hasan Salamah, who was captured in Hebron, and our correspondent says that Hamas plans to resume terrorist attacks against Israel.

Palestinian Affairs: Hamas Renews Call For Abu-Marzuq's Release

TA2907153696 Jerusalem AL-QUDS in Arabic 25 Jul 96 p 7

[Report by special AL-QUDS correspondent]

[FBIS Translated Excerpt] Nabulus — Hamas [Islamic Resistance Movement] has reiterated its call for the release of Dr. Musa Abu-Marzuq and a halt to his trial, which is offensive to all Arabs and Muslims. Hamas condemned the total bias manifested by the U.S. Administration in defending Shim'on Peres in international investigations that confirm his deliberate involvement in perpetrating the massacre of civilians in Qana, while holding a political leader in custody and discussing his extradition to an entity in whose jails the most repulsive human rights violations have been recorded.

In a statement issued yesterday by the movement's information office on the first anniversary of Dr. Abu-Marzuq's arrest, Hamas called on the Arab and Islamic countries to fulfill their role in defending the rights of the nation and its sons and acting to secure the release of Dr. Abu-Marzuq from American prisons. [passage omitted]

Palestinian Affairs: 'Arafat Adviser Views Remarks Calling 'Ayyash 'Martyr'

TA2907162596 (Internet) IMRA News Service in English 28 Jul 96

[Interview with Ahmad al-Tibi, adviser to Palestinian Authority Chairman Yasir 'Arafat, by Dr. Aaron Lerner on 28 July; place not given]

[FBIS Transcribed Text] IMRA: Reuters reports that President 'Arafat termed Yayha 'Ayyash (the terrorist responsible for a series of bombings who was killed by a booby trapped cellular phone) "a martyr who died for Jerusalem" who "we are obligated to". What is the ramification of applying the term "martyr" to Yahya 'Ayyash?

Al-Tibi: "Martyr" means losing one's life for the sake of the homeland.

IMRA: So it is a positive thing.

Al-Tibi: Naturally. It has a positive connotation. Nobody says that Mr. 'Arafat is accepting the way and the killings or any violent action. The Chairman's position on this issue is very clear and obvious. But in a community under occupation, any person who is acting against occupation and is killed is a martyr.

IMRA: What about after a final agreement is reached between the Israelis and President 'Arafat? Would a rejectionist who died after carrying out an attack still be considered a martyr then?

Al-Tibi: If there would be an independent Palestinian state then I think that the relationship and the way that people would relate to things and simple people in the street would be accommodating to the new situation and the new status. A month ago Netanyahu called 'Arafat his enemy and now he is calling him his partner. Things are moving and conceptions are changing.

IMRA: What about rejectionists who won't be satisfied with the agreement?

Al-Tibi: There are no Palestinians who would object to the creation of an independent Palestinian state.

IMRA: We have interviewed Palestinians who say that they will not rest until the Zionist aggression of Tel Aviv is removed.

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Al-Tibi: There are differences of positions among Palestinians just as there are among the Jews. Some support a two state solution and some don't.

IMRA: So if after a final agreement is reached and the rejectionists continue to carry out attacks, will they be martyrs?

Al-Tibi: I oppose them then as I do now.

IMRA: So would they still be considered martyrs?

Al-Tibi: The martyr designation is a religious thing and a matter of tradition and not a political question.

Palestinian Affairs: Palestinian Council Member on Territories Construction

TA2907163196 Tel Aviv IDF Radio in Hebrew 1400 GMT 29 Jul 96

[FBIS Translated Text] The Palestinian Council promises not to sit idly by in view of the decision to expand construction in the territories. Council members are calling for a discussion of the issue, as reported by our correspondent Hanan Schlein.

[Begin recording] [Schlein] The Palestinians are following the daily reports on the Likud government's construction intentions in the territories with concern. Binyamin Netanyahu met with settler leaders today, and Nabil 'Amr, a member of the elected Palestinian Council, is afraid that the Palestinian street will lose its trust in the Oslo Accords.

['Amr, in Arabic] It is a matter that we surely cannot keep quiet about.

[Schlein] 'Amr emphasized that a decision about stopping the construction freeze in the territories constitutes the first practical step for implementing the declarations the Likud made on election eve, contrary to Netanyahu's announcements following his meeting with the Egyptian president. 'Amr also commented on the announcement about the paving of two new roads which require the expropriation of hundreds of dunams from the Palestinians.

['Amr in Arabic, fading into voiceover translation by Schlein] 'Amr said the Palestinians will resort to necessary but acceptable measures; they will keep away from what they call terror, but will adopt the line of popular protest and stop the activity on the lands slated for expropriation. In any event, 'Amr is sure that the expansion of settlements will have a direct impact on the peace process, although he prefers not to make direct declarations on this issue at the moment. [end recording]

Palestinian Affairs: Al-Tarifi—Siege-Lifting 'Mere Talk' by Israeli Media

NC3007073096 Cairo Voice of the Arabs in Arabic 0510 GMT 30 Jul 96

[Telephone interview with Jamil al-Tarifi, minister of civilian affairs in the Palestinian Authority, in Ramallah, by Fawzi al-Jundi in Cairo; from the "Dialogue From Afar" program; date not given—recorded]

[FBIS Translated Excerpt] [passage omitted] [al-Jundi] News agencies yesterday reported that Israel had lifted the security cordon imposed around the West Bank on 18 July. The Israeli police confronted extremist Jews who wanted to storm the al-Aqsa Mosque. Do you not see these moves as a ray of hope that could constitute a beginning for restoring the peace process to its correct course?

[Al-Tarifi] My dear brother, you have mentioned two separate issues. First, lifting the security cordon is mere talk in the Israeli media. We have felt no change in the tight closure orders on the West Bank and the Gaza Strip. There is actually only Israeli talk about the closure. Israeli officials have not officially informed us of the measures to ease the closure and lift the siege. This is one thing.

The other thing is the Israeli police confrontation of extremists; a fatal Israeli mistake was the Israeli Higher Court of Justice issuing a decision sanctioning these extremists to pray in the al-Aqsa Mosque. This is a wrong decision, because the Israeli Higher Court of Justice has no jurisdiction to issue such a decision. These are Islamic holy places and the Israelis or the Jews, as a religion, have no interest in being there. What the Israeli police did was merely an attempt to contain the repercussions of the Israeli Higher Court of Justice's wrong decision. We as Palestinians condemn it and it should be renounced by all Muslims and Arabs. [passage omitted]

Palestinian Affairs: Minister Denies Israel Easing Siege

JN2907140596 Jericho Voice of Palestine in Arabic 1300 GMT 29 Jul 96

[FBIS Translated Text] Jamil al-Tarifi, minister of civil affairs, said that the Israelis have not started measures to lift the tight siege clamped on the Palestinian territories, despite their claim that they have started easing the siege as a preliminary step to lifting it. In press statements today, al-Tarifi said that the Israeli claims about easing the security cordon are meant to mislead the public opinion. Al-Tarifi asked the Israeli Government to honor

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the pledges it made when it signed the agreements with the PLO and the National Authority.

Palestinian Affairs: 'Arafat on Peace Process, Israel's Netanyahu

BR2907151996 Milan PANORAMA in Italian 1 Aug 96 pp 76-78

[Report on interview with Yasir 'Arafat, president of the Palestinian Autonomy, by Simonetta Della Seta; place and date not given]

[FBIS Translated Text] How small Yasir 'Arafat is. Tinier than ever, under his kefyah, the traditional Palestinian headgear. His face was thin, tired, but dignified. This, despite the fact that his body is shrivelling up, that he is causing himself to shrivel. Despite his awareness of the gulf between the huge national responsibilities that he has taken on and the limited, severely limited, powers that Israel persists in granting him. He feels like the old, great leader of a people, but has been relegated by events and by a hostile partner to the role of mayor of the district of Gaza. "I remain optimistic, as always," he whispered. "After all, we are not asking for the moon, but only for observance of what has already been signed and agreed."

This is what the Palestinian leader demands from the Israelis: "Withdrawal from Hebron, a freeze on the settlements, and the resumption of negotiations." But that is not all: "The closure of the crossings between our territories and Israel is a collective punishment. It cannot work." This was the drastic measure adopted by Israel after the serious wave of attacks in February and March. Then the Israeli prime minister was Labor's Shimon Peres. Now it is "Bibi" Netanyahu. And his ministers include that die-hard hawk, Ariel Sharon, who last Tuesday described 'Arafat as "a war criminal." What has changed?

"We signed a peace agreement with a government, not with a party. Nothing has changed, as far as we are concerned. They there and we here, continuing our struggle, verging on the impossible. We cannot afford to stop working and building, because of a change of government. We have received a homeland all of whose infrastructures have been destroyed. We must start from below zero. From the water that we drink to hospitals, schools, sewers, the port, electricity. Everything that is necessary to life."

'Arafat vented his feelings. He did so also with a delegation of Italian businessmen and politicians that came to inaugurate the first Italian-Palestinian joint venture, which will construct three residential blocks and a very modern shopping mall in the heart of Gaza. The president thanked them, gave a smile to Luisa Todini, the young European member of parliament, and helped her to put on a hand-embroidered Palestinian shawl. Then he grew grim again.

"To rebuild: This is the objective. Throughout the period of Israeli military occupation the number of beds in our hospitals never increased. There are even now three shifts a day in our schools. Nevertheless we have a boast. That of having achieved the highest standard of education throughout the Middle East. Even higher than Israel's," he added with pride. "It was a survey carried out in Tel Aviv that revealed that 14 per thousand Israeli students achieve a degree, whereas 18 Palestinian students per thousand achieve the highest standards at university." One of his assistants added: "At one time we concentrated on jobs in Israel. What is the point of struggling in that direction? In securing from above, when possible, permission to work as a dishwasher in a Tel Aviv restaurant? Better to study, and then to pursue a more dignified profession, here, or otherwise in Egypt or Jordan." Some are less optimistic: "We complain so much about the Israeli embargo," one of the people in the president's office blurted out, "but we should also criticize the restrictions adopted against us in many Arab countries." 'Arafat does not welcome certain comments. The solidarity granted him, at least verbally, by the Arab states is extremely precious to him. Furthermore, he is about to leave for Damascus, where he has not been invited for five years.

He, a restless former nomad, continues to commute between an unattractive little house in Gaza and large offices in the Arab countries and throughout the world. "It would be a tragedy to stop. The fact that the first runway at Gaza airport is ready now is due solely to our own efforts. We went ahead despite the sudden withdrawal of a number of foreign firms. We carried on without money. We are prepared to do the same for the port."

He talked about his people, carefully avoiding going into the dispute with Israel. "This is a very delicate moment, do you see?" And what if you do not secure a reply to your slightest requests? "I have no doubt: I will involve all possible interlocutors as soon as possible — first, the EU and the United Nations." What about the United States? "The United States is busy with its elections," somebody replied for him.

Netanyahu talks first about security and then about peace. "We have done our utmost," 'Arafat said. "We have issued clear replies to Israel and the United States, to Shin Beth and to the CIA." Will the cooperation with the Israeli secret services continue? "Security is a watchword for us, too." But meanwhile people are still suffering, and the slightest provocation could cause

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everything to collapse again. "Our people are starving. But the situation is under control," the president said reassuringly. "We are working on this, day and night."

'Arafat found it hard to mention Jerusalem — for him, the "essential capital of the future Palestinian state"; but for the Israelis, forever a place of complete Israeli sovereignty, where the Palestinians must stop conducting "national political activities" right away. "Al-Quds is a burning issue." How many other burning issues are there? The Palestinian president has enumerated them to the Israelis, one by one. He had them presented to Netanyahu, who has hitherto refused to meet with him.

"It is necessary to look ahead." 'Arafat has devoted his whole life to this. It is his rump card. This is what he had to say about the Jubilee and the year 2000: "I have already asked the pope, President Scalfaro, and all the world's Christian authorities," he said, "to take part in the year 2000 Jubilee in Bethlehem and Jerusalem. Some 20 million tourists will come. We must prepare for that."

This is not his only long-term plan. 'Arafat has just expressed "unconditional support" for another "interesting and revolutionary" idea. It was put to him by a Libyan Jew, Raffaello Fellah, who is convinced that the time has now come, despite all forecasts, for Palestinians and Jews to work side by side. "The idea is to turn a cause of conflict into a message of peace between peoples," Fellah himself explained at the end of the meeting with 'Arafat. "Instead of wrangling over Jewish assets remaining in Arab territory, or vice versa, Jews and Palestinians should invest their assets in common projects for the sake of peace. 'Arafat is enthusiastic about this. I will discuss it with Netanyahu: He is a pragmatist, and I am sure that it will be possible to take several steps forward with him in this direction."

Fellah's optimism could be shared by 'Arafat, if he did not see his people sinking into poverty. He has had this feeling for years, and the old leader is left with two weapons to counter it — determination and imagination.

Palestinian Affairs: Al-Husayni on Jerusalem, Netanyahu Government

JN2907161896 Amman AL-DUSTUR in Arabic 29 Jul 96 p 15

[Exclusive report by Mustafa Ahmad from Muscat]

[FBIS Translated Excerpt] Faysal al-Husayni, official in charge of the Jerusalem file in the Palestinian National Authority, has stated that the Jordanian-Palestinian relationship is special and can serve as a model for inter-Arab ties. He added that this relationship is marked by sympathetic communication on governmental and popular levels.

Al-Husayni made these remarks in an exclusive statement to AL-DUSTUR in Muscat during his three-day visit to the Sultanate of Oman. During this visit, he met with Yusuf Bin-'Alawi Bin-'Abdallah, Omani minister of state for foreign affairs, and several other Omani officials and economists. [passage omitted]

With regard to Israel's efforts to close Orient House, al-Husayni said that the Israelis have used every means to undermine and weaken Orient House and Palestinian charities in East Jerusalem. However, they have not succeeded in these efforts. Their moves in this regard are unwarrantable from the legal point of view, because they are not provided for in the peace agreement. That is why these institutions have continued to function. Their activities will not be reduced or cut.

Al-Husayni continued: Jerusalem is at the heart of the Arab-Israeli conflict. Our efforts regarding Jerusalem are governed by two frameworks spelled out in the peace agreement. The first framework stipulates that Israel must withdraw from the territories it occupied in 1967, including East Jerusalem, which must fall under the jurisdiction of the Palestinian National Authority and be its official capital. The second framework, which we view with utmost seriousness, is the fact that the Western world does not want to see Jerusalem divided once again. That is why we want Jerusalem to be an open city. In the upcoming negotiations, we will refuse to negotiate at all on the status of East Jerusalem. The negotiations will be on the nature of the future relationship between West Jerusalem and East Jerusalem. This means that East Jerusalem will be the capital of a Palestinian state. Between East Jerusalem and West Jerusalem, there must be open lines of communication, as well as freedom of movement, transit, and transport. [passage omitted]

On coordination between Hamas [Islamic Resistance Movement] and Fatah in the Palestinian Authority areas and the possibility of appointing Hamas members to the National Authority departments, al-Husayni pointed out that there are continuous high-level contacts between the two sides. He added that several Hamas leaders are now holding out the promise of cooperation between the two sides. As to how far such cooperation will go, this is something that the future will tell.

On his opinion of the new Israeli Government formed by Likud and the new Israeli prime minister, al-Husayni said: The peace agreement we signed with Israel side did not meet the maximum demands of either the Palestinians or the Israelis. It did not realize the aspirations of the Labor Party. International interests in

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the region produced the peace agreement. Consequently, neither the new Israeli Government, nor Prime Minister Netanyahu, nor Likud is capable of changing this fact. They are obliged to act upon the provisions of this agreement and to push it forward. There are obstacles in Israel in this regard. But Netanyahu has no other choice. He must either push his government in this direction, effect a cabinet reshuffle, look for other partners to uphold the peace process, or call for new elections. I believe that the Israeli Government has no choice but to implement the agreement. [passage omitted]

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Algeria

Algeria: Bomb in Tearoom Kills 1, Injures 10

LD2907173396 Algiers Radio Algiers Network in Arabic 1700 GMT 29 Jul 96

[FBIS Translated Text] The security forces have announced in a statement that a homemade bomb exploded today at 1250 in a tearoom situated in El-Biar district, in Ali Khodja Street. One person was killed and 10 were injured in the blast. The emergency services, escorted by the security forces, rushed immediately to the scene to provide first aid and the necessary treatment for the people injured in the explosion.

Moreover, the civil defense services have reported that an explosion caused by a gas leak happened today at about 0945 in a building situated at 14 Abbane Ramdane Street in Algiers. The same source said that the emergency services went immediately to the scene of the accident, which resulted in five people suffering minor injuries.

Algeria: Car Bomb Explodes Near Algiers 28 Jul

LD2907140396 Paris Radio France International in French 1230 GMT 29 Jul 96

[FBIS Translated Text] In Algeria a large explosion is reported to have occurred just a short while ago near a cafe on the heights above the capital [Algiers]. According to the Associated Press agency, it is not known whether there are any casualties.

The press in Algiers this morning reported that a car bomb exploded to the east of the capital yesterday, Sunday [28 July]. The explosion is reported not to have resulted in any casualties, but to have caused extensive damage.

Algeria: Zeroual Invites Main Parties to Bilateral Talks 3 Aug

LD2907204896 Algiers ENTV Television Network in Arabic 1900 GMT 29 Jul 96

[FBIS Translated Text] A statement released by the Presidency of the republic announces that President Liamine Zeroual today invited the leaders of the following political parties, the Rally for Culture and Democracy, the Socialist Forces Front, Ennahda movement, the National Liberation Front, HAMAS [Islamic Society Movement], the Ettahadi movement, and the secretary general of the General Union of Algerian Workers to hold bilateral talks with a view to carrying out an in-depth study of the various points of view expressed during the recent multilateral meetings.

This invitation to bilateral meetings reflects the constant desire to promote national dialogue as a means that will take the country out of the crisis facing it, reinforce the democratic process, and complete the installation of the institutions of the republic.

The statement from the Presidency of the republic adds that through this invitation the president of the republic is reiterating his belief and hope that the higher interests of the Algerian nation will guide the various partners in the dialogue toward what the homeland demands and what the people expect.

The bilateral meetings will start on Saturday 3 August, according to the presidency's statement.

Egypt

Egypt: Islamid Jihad Vows To Send U.S. Soldiers Home 'in Coffins'

MM2907152496 London AL-QUDS AL-'ARABI in Arabic 29 Jul 96 p 1

[Unattributed report: "Jihad Organization Threatens To Strike Washington's Interests in Region"]

[FBIS Translated Excerpt] Washington, London, AL-QUDS AL-'ARABI — The Egyptian Islamic Jihad organization yesterday threatened to launch new attacks on U.S. forces and interests in the Middle East unless Washington halts its call to strike at the fundamentalists.

In a statement sent to AL-QUDS AL-'ARABI yesterday, the organization vowed to "send U.S. soldiers back to their country in coffins just as was the case in Somalia, Riyadh, and Dhahran," stressing that that will happen again.

The statement said that "U.S. policy — with its historic stupidity — has ignited the jihad in Egypt, Algeria, Palestine, and the Arabian Peninsula against the Americans and the Jews...and there is more to come."

The statement said that the "poor" U.S. President "is in a dilemma — and he cannot extricate himself from this dilemma — in the conflict with Islamists, as a result of Jewish pressure and U.S. delusions." The statement vehemently criticized Egyptian President Husni Mubarak, who started a visit to Washington yesterday, saying that the visit is aimed at obtaining more aid to eliminate fundamentalists.

The statement stressed that if the U.S. forces remain in the region this will cause further attacks on them.

The statement concluded by sarcastically calling on the U.S. President to provide more aid to eliminate the fundamentalists, since that would lead to "further dilemmas and more coffins for the bodies of U.S. soldiers."

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Observers believe that the Jihad's statement, which coincides with Mubarak's visit to the United States, could pose a serious threat to U.S. interests and forces in the region as a whole, especially as it is the first of its kind since last month's blast at al-Khubar, which resulted in the deaths of 19 U.S. soldiers. [passage omitted citing London THE SUNDAY TIMES on U.S. measures to protect forces in Saudi Arabia]

Egypt: Musa Rules Out Reinterpretation of Resolution 242

NC2907130596 Cairo Arab Republic of Egypt Radio Network in Arabic 1130 GMT 29 Jul 96

[FBIS Translated Text] Foreign Minister 'Amr Musa announced today that President Husni Mubarak's talks agenda in Washington includes the peace process and the obstacles facing it.

In a statement to the BBC, Musa emphasized the importance of the U.S. role and said he believes that U.S. foreign policy is currently at a standstill because of the U.S. presidential election campaign.

Regarding the progress of the peace negotiations, Musa declared that the talks will only be resumed on the basis of the land-for-peace principle. He said it is vital that the peace process should be resumed in earnest and pointed out that the Arab summit conference clearly declared that peace is a strategic Arab option and indeed the only existing option. He pointed out that this attitude makes it necessary for Israel to adopt an identical stand.

Asked about the likelihood of reinterpreting UN Security Council Resolution 242, 'Amr Musa replied: There can be no such thing and any attempt to reinterpret the resolution would take the clock back to the pre-Oslo, pre-Madrid, and pre-Camp David days. This is unacceptable, impractical, and not right.

Musa reported that President Mubarak informed Israeli Prime Minister Binyamin Netanyahu during his visit to Cairo that it is unacceptable to have different interpretations of the relevant Security Council resolutions and any attempt to do so would be regarded as a very negative development in the peace process.

Egypt: Musa Views Mubarak's Talks With U.S. Officials

NC3007060096 Cairo MENA in Arabic 2342 GMT 29 Jul 96

[FBIS Translated Text] Washington, 29 Jul (MENA)—Foreign Minister 'Amr Musa has said that President Husni Mubarak's talks with senior U.S. Administration officials, congressional leaders, and the World Bank chairman throughout the day dealt with the Middle East peace process, economic ties, the economic reform program in Egypt, and bilateral ties.

Musa added that President Mubarak explained during his meeting with the delegation of heads of American Jewish organizations the need to act immediately to implement the peace agreements already concluded and strengthen the peace process on every track. He said the Jewish organizations' delegation expressed its interest in the continuation of the peace process, since everybody feels that any slowdown or stalling in this process will hurt all the parties.

Asked whether he feels optimistic about the peace process, Musa said: Optimism depends on progress on the ground through the implementation of agreements and activation of negotiations with all the parties.

On whether the halt in the peace negotiations will affect the chances of success of the Cairo summit on regional economic cooperation, Musa said: Talks are now being held to activate the peace tracks and implement the agreements. All the issues can be discussed in light of what will happen in the peace process. He added that the means of resuming the peace process and the bases of this process will be the main topic of President Mubarak's talks with U.S. President Bill Clinton tomorrow morning.

Asked whether today's consultations and talks with the U.S. Administration and Congress could help achieve progress in the peace process, Musa said: I hope so.

On whether he is optimistic, he said: Why not? It is important that we should be optimistic.

Asked about the position with regard to U.S. aid to Egypt, Musa said: This issue has not been raised.

Musa stressed that the important thing is that everybody — specifically the United States and Egypt, which represents all the Arab countries — should try to revive and protect the peace process and achieve peace on the basis of the land-for-peace principle.

Asked whether the Lebanese issue can be handled separately from the Syrian one, Musa said: No.

Egypt: Musa on Peace, Investment Prospects

NC2607195796 Cairo MENA in English 1920 GMT 26 Jul 96

[FBIS Transcribed Text] WASHINGTON, JULY 26—(MENA)—Egyptian Foreign Minister 'Amr Musa today highlighted the linkage between Middle East peace and future investment activities in the region.

This came in the speech addressed by Musa to 300 American businessmen at the Los Angeles Town Hall

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as part of a symposium about "investment in the future of the Middle East."

The foreign minister is now a several days tour of the U.S. ahead of President Husni Mubarak's upcoming Washington trip.

Following is the text of the speech delivered by Egyptian Foreign Minister Musa at the symposium organised in Los Angeles under the theme of "Investment in the future of the Middle East". "It is a pleasure for me to be here with you this morning. On most of my frequent visits to the United States I have had to confine myself to the East Coast, either because of obligations at the United Nations in New York, or with the Administration and Congress in Washington, the focus of most of my activities on those visits have been issues of a political nature. "Today, I came to talk to you about "investing in the future of the Middle East", with special emphasis on business opportunities. I will begin nevertheless, with a short introduction on peace in the Middle East, because peace and stability are, after all, imperative for prosperity, and will be without a doubt, primordial [as received] considerations in your decision to invest in the region. Before doing so however, I would like to express my appreciation to the Los Angeles Town Hall Board of Governors, especially the chairman Bernard Lesage for organizing this event. They have provided me with a very conducive environment for dialogue and this will make my effort to convince you much easier.

Ladies and Gentlemen,

The achievement of peace between the Arab and Israeli peoples, with an historic reconciliation between Palestinians and Israelis in particular, has been, and will continue to be, a cornerstone of Egypt's foreign policy, until the Middle East lives in tranquility, coexist peacefully, and interact normally, for this to occur, the Arab-Israeli conflict must be brought to an end.

The peace we are striving for ladies and gentlemen, is neither the whimsical infatuation of idealists, nor one reflective of the temporal balance of power today. It is a peace that goes to the core of the issues and resolves them, providing equal rights and obligations for all, a peace among equals, a just and fair peace, and, it is not the judgment of the Arabs, nor that of Israel, that should be the determining factor in what is appropriate, but the consensus reached amongst us, a consensus based on the rule of law and the internationally acknowledged basis for resolving the Middle East conflict.

For this consensus to be viable, and sustainable, it must fulfill the legitimate aspirations of all sides. It should entail the return of the occupied Arab lands since 1967, and the establishment of recognized borders of Israel. The Palestinian people must exercise their rights to self determination and for their statehood, and Israel's right to live as a member state of the region in peace and harmony must be unquestioned. Security for all states and people of the Middle East, must be ensured. In essence, we must close a tragic chapter in the history of the Middle East by responding to the frustrations of the wanton [as received], the fears of the insecure, the rights of the dispossessed and the dreams for a better future of the younger generations.

There is no other response, than by providing peace for all the peoples of the Middle East. I would venture to add that there is no better response than to providing peace now.

Let us work together, building upon the arduous consensus that has developed, and the hard fought agreements reached, rather than embark on a futile and divisive exercise of establishing new parameters for the peace process.

Let us lay the foundations for prosperity in our region, by first, establishing a just and lasting peace in the Middle East, second, ensuring equal security for all, including ridding the region of the perils of weapons of mass destruction, and third, encouraging cooperation among our peoples from the [Arab] Maghreb to the Mashreq [Arab East], from the Mediterranean to the Gulf.

Peace , security, prosperity for all.

Ladies and gentlemen,

It would be an understatement to say that much remains to be done before peace prevails in the Middle East. However, if you compare the situation in the Middle East today with that in the region five years ago, you will realize that much progress has been achieved.

While I invite you to take part in history in the making by investing in the future of the Middle East, your investment decisions should be based on concrete facts and figures, beyond politics and romance. I am not asking you, nor would myself, invest in any region or country because of my political commitment to it. Our vision of regional cooperation in the Middle East does not necessarily always include Egypt, nor does it always include Israel.

Investment decisions should be business smart and I do believe that an economic assessment of profit potential of the Middle East would lead to interesting conclusions, and provide attractive opportunities.

In the 1996, the region's population was close to 270 million people and had an overall gross domestic product of about US$ 522 billion. Between 1998 and 1996

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[as received], the Middle East economy grew by an annual rate 2.5 percent in real terms, this rate can and will further increase in the future as a result of the important economic reforms undertaken by the various countries, the expected peace dividend, and a sustained period of economic recovery and reconstruction. Increased regional cooperation and deepening the region's integration into the world economy will also no doubt result in increased trade and improved welfare, for the region, and for the world at large.

In this context, the Middle East economic conference scheduled to be held in Cairo 12-14 November 1996 on special significance, the Cairo conference is meant to build on the momentum of the political, economic and psychological transformations which have taken place in the Middle East so far and carry them to new heights, all indications point to a very impressive attendance from companies from all over the world, if we witness progress in the peace process. I want to use this opportunity to invite you to join this important Cairo gathering.

Within the context of that process, a number of regional institutions have already been created. The Middle East Development Bank, with headquarters in Cairo with a capital of 55 billion, will hopefully have a ground breaking ceremony during the conference, this institution will emphasize co-financing with the private sector and other financial institutions. Its mandate is to promote private sector growth and entrepreneur-ship, support regional development projects, particularity transborder infrastructure and tourism, and enhance regional economic policy dialogue and coordination, a private sector regional chamber of commerce and business council, a Middle East tourism and travel association, and a secretariat of the monitoring committee of the regional economic development working group, have also all been established.

Ladies and gentlemen

In parallel with regional economic developments, there have also been significant economic advancements taking place in individual countries, the Egyptian economy for one is presently undergoing a fundamental transformation. The government has undertaken bold steps to shift from a state-dominated economy to one that is export- oriented and private sector driven. With such a modern economy, Egypt will be able to face the challenges of the twenty first century, an era which, according to all indications, will be characterized by both economic globalization and integration.

Egypt strongly believes in the necessity of integrating its economy into the world economy. It has therefore acceded to the World Trade Organization and is presently fully committed to the implementation of GATT agreements. Egypt is also actively pressuring the conclusion of free trade agreements with its trading partners. The first such agreement is about to be finalized with the European Union and has the potential to transform Egypt into a major regional trade and investment hub.

Furthermore Egypt is rapidly putting its economic house in order, and has so far accomplished some impressive results. All the economic fundamentals have been stabilized: the budget deficit has been reduced from 20 percent of GDP to 1.5 percent inflation has been brought down from over 20 percent to around 7 percent international reserves have sharply increased to close to 18 billion U.S. dollars and foreign debt has been reduced by close to half.

The next phase of our economic reform program centers around implementing an ambitious structural adjustment effort aimed at achieving high rates of economic growth of 7 to 10 percent in order to create 500,000 jobs annually.

To achieve such growth rates, the Egyptian Government realizes that it has to increasingly attract investments at present, the investment ratio borders on 17 percent of GDP and we know that we need to bring it close to 30 percent so that the desired growth rates can be achieved.

All sectors of the Egyptian economy are presently being liberalized and open to private and foreign investments as well as to international competition. The investment regime and institutions have been dramatically streamlined and we are witnessing an active legal and administration overhaul. Most importantly, learning from the lessons of rapidly growing Asian and Latin American countries, the role of the state in Egypt is currently being redefined to focus solely on sound economic management, providing a modern legal and institutional infrastructure promoting competition, and protecting the consumer and the environment.

The engine for growth in Egypt today is the private sector, and it is leading a healthy process of economic restructuring in which resources and energies are being allocated to those sectors and activities where Egypt enjoys a competitive advantage. We realize that the main determinants of the investments are stable and predictable economy, the availability of a high skill-low cost labor force, up to date infrastructure access to international markets and a competitive incentive package.

In the context of this new economic philosophy, Egypt has adapted privatization as the main instrument for an increasing economic efficiency and for achieving private sector development. Privatization is already enabling

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state-owned enterprises to receive the much needed resources to upgrade their operations to be able to compete in the open domestic market, as well as to penetrate new export markets. In addition, the government of Egypt strongly encourages foreign participation as it ensures access for the Egyptian industrial sector to capital, new technology know-how, and markets. The interest in the Egyptian privatization program is manifested by the dramatic increase in the activity of the Egyptian stock market. Thousands of transactions are taking place daily involving small investors and a multitude of international investment funds. Recognizing the dramatic increase in the activity of the Egyptian stock market, the International Finance Corporation of the World Bank has decided to add Egypt to its worldwide index. Privatization proceeds by the end of June 1996 have reached close to US$2 billion, enabling the government to divert more resources for social needs and to mitigate the transitory social effects of the economic reform. We expect that as the privatization program moves forward, such positive effect will further increase. Privatization, however, is only one component of our overall private sector development strategy. The government of Egypt has recently announced that it welcomes private sector participation in the service and infrastructure sectors, such as energy, toll roads, ports and airports. The legal framework for build-operate transfer (bot) projects is presently in place. The beginning of these innovative types of projects will be three private power generation plants which have been widely advertised. In conclusion, Ladies and Gentlemen, I want to emphasize that the economic incentives in the Middle East for the business community are immense. The only remaining dimension is to ensure the continuity of the peace process and the attainment of a just and comprehensive peace in our region. Egypt, on its part, will save no effort to make this dream a reality. The other parties in the region must remain faithful to this goal and to the tenets of the Madrid peace process.

The business community can also do its share towards this lofty endeavor by investing in the future of the region. The economic incentives are there, and the opportunities are endless for enterprising entrepreneurs. Together, we can truly make a difference and shape the future. Thank you.

Egypt: Minister Views Talks With IMF as 'Successful'

NC2907082696 Cairo MENA in Arabic 0530 GMT 29 Jul 96

[FBIS Translated Text] Washington, 29 Jul (MENA)—Dr. 'Atif Muhammad 'Ubayd, minister of public business sector, environment, and administrative affairs, said the IMF negotiations with Egypt on a new economic-reform-program agreement have been successful.

In a statement to a MENA correspondent in Washington, 'Ubayd said the new reform program negotiated last week in Cairo will soon be submitted to the IMF Board of Directors for approval.

IMF sources told a MENA correspondent that the Cairo discussions held by a delegation led by the IMF's Middle East Department deputy chief, Malcolm Knight, have gone well and a bilateral agreement will be signed soon regarding the new program to be implemented, if ratified, in September.

The sources pointed out that the one-year program will cover privatization programs and legal and financial reforms and their timetables.

Egypt: Minister Comments on World Bank President, Mubarak Meeting

NC3007071296 Cairo Arab Republic of Egypt Radio Network in Arabic 0400 GMT 30 Jul 96

[FBIS Translated Text] Dr. 'Atif 'Ubayd, minister of administrative affairs and minister of state for administrative development and environmental affairs, has stated that the president of the World Bank confirmed to President Mubarak during their meeting in Washington the Bank's absolute support for Egypt. He expressed his great satisfaction with the progress in the Egyptian arena, progress that creates an atmosphere conducive to investment and the like of which has not been seen in 20 years. Dr. 'Ubayd, who attended the meeting, said the president of the World Bank confirmed to President Mubarak that Egypt is now ready to realize a growth rate that is comparable with that of the Asian countries, which have made great leaps in recent years. Dr. 'Ubayd mentioned that it is clear from the World Bank president's statements that the Bank and other financial institutions that listen to it are proceeding to participate in greater development on Egypt's territory.

Egypt: Official Cited on U.S.-Egyptian Council Goals, Investments

NC2807153496 Cairo MENA in English 1354 GMT 28 Jul 96

[FBIS Transcribed Text] Washington, 28 Jul (MENA)—The U.S.- Egyptian Council, entrusted with enhancing bilateral trade cooperation and transferring technology, will discuss on Tuesday [30 July] the steps which have already been taken to implement the U.S.- Egyptian partnership agreement. Egyptian President Husni Mubarak and U.S. Vice President Al Gore are to attend the meeting.

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The thirty-member council will also define the goals which are to be implemented within the coming six months.

Among the council's goals, head of the Egyptian side in this council Dr. Ibrahim Kamil said, is to reach an all-out perspective for increasing the volume of Egyptian exports to the American markets. Another goal to be realized within the coming six month is to boost Egyptian investments with concentration on transferring of sophisticated technology to Egypt, Dr. Kamil added.

The council will also try to promote American tourism to Egypt, Dr. Kamil said. The council aims at realizing a leap in American investments in Egypt during 1997, he added.

Regarding the U.S. investments in Egypt, Dr. Kamil said that the council aims at raising the investments to about two billion dollars. The American investments should be boosted especially if it is known that the volume of the foreign investments which entered Egypt last year reached about 400 million dollars, he added.

Egypt needs between 35 and 40 billions in the form of investments in order to realize an annual growth rate amounting between 7 and 8 percent, he said. Steps taken by Egypt since the beginning of this year helped create an appropriate atmosphere to attract investments from different world countries, Dr. Kamil added.

The thirty-member council was formed in June of last year within the context of Mubarak-Gore initiative. Half of the council comprises Egyptian businessmen, while the American counterparts occupy the other half.

Egypt: Significance of Mubarak's U.S. 'Peace Mission' Viewed

NC2907162796 Cairo Arab Republic of Egypt Radio Network in Arabic 1140 GMT 29 Jul 96

[Commentary by Mahmud Marzuq: "Mubarak's Peace Trip"]

[FBIS Translated Text] Arab and international political circles regard President Husni Mubarak's U.S. visit as being a visit of special significance because it occurs amid important Arab, regional, and global transformations. They believe that much preparation and extensive Arab, regional, and international consultations have preceded Mubarak's important discussions with U.S. President Bill Clinton. The preparations began with the plenary Arab summit in Cairo, Mubarak's visits to France and Turkey, his communications with other Arab leaders, his recent meeting with Israeli Prime Minister Binyamin Netanyahu, and the contacts carried out by the Egyptian, Saudi, Syrian, and Jordanian foreign ministers.

President Mubarak goes to Washington this time enjoying Arab and international backing for his quest to establish a Middle East peace.

Hence it is important to emphasize the U.S. role in the peace process in view of the fact that the United States has been the primary sponsor of this process since the Madrid conference. President Mubarak's talks with the U.S. President, the officials of his administration, and Congressional leaders will be very instrumental in clarifying matters about the peace operation and the U.S. role in it. They will also be instrumental in persuading the U.S. Administration to pursue an impartial and just policy on the peace process and to refrain from subjecting the U.S. role to electoral considerations to spare the peace process a serious setback that might take it back to square one.

In the context of the peace dossier, President Mubarak will also tell the U.S. Administration that if Israel continues to dictate conditions to Syria in return for resuming the negotiations, under the pretext of amending the Syrian positions, this will obstruct the talks on that track. This is particularly true because Damascus is fully convinced that as far as it is concerned, the peace option is a strategic option founded on the land-for-peace principle. It rejects all Israeli peace-for-peace offers and security first arguments.

President Mubarak will also urge the U.S. Administration to persuade Israel to fulfill its commitments and agreements with the Palestinians.

Furthermore the regional cooperation file will be one of the important issues raised during President Mubarak's U.S. visit. Egypt has already asserted that it is committed to a general Arab stand that rejects regional axes and, therefore, any regional cooperation operation must be governed by regional considerations. The Arab side will not accept, under any circumstances, the foreign imposition of security formulas for the region including the strategic U.S.-Israeli agreement and the Turkish-Israeli agreement. These are viewed as an enshrinement of axis politics, something that is unacceptable to the Arabs and the region as a whole.

Additionally the dossier of Egyptian-U.S. relations has great importance in President Mubarak's current discussions with the U.S. Administration in light of the Egyptian-U.S. partnership agreement born out of the 1994 Mubarak-Gore bilateral cooperation initiative, which was later turned into a formal agreement. The partnership agreement is a new channel of Egyptian-U.S. economic cooperation, reflecting the depth of ties between the two countries and the U.S. Administration's respect for Egypt's economic performance and its efforts to carry out comprehensive economic reform.

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Egypt's wish to maintain special relations with the United States hinges on respect for firm Egyptian principles, careful balancing of the two countries' mutual interests, and respect for the nonintervention principle so that the Egyptian-U.S. relationship can become a compatible partnership for the sake of global and regional peace and a model of international cooperation that seeks collective prosperity.

Hence Arab and international political circles expect great success for Mubarak's peace mission in the United States, which is only one of a long series of efforts made by Mubarak's Egypt to attain a just and comprehensive peace in the Middle East. Peace in this region will have a positive impact on the rest of the world.

Egypt: MENA Reports on Mubarak CNN Interview

NC2907171096 Cairo MENA in Arabic
1545 GMT 29 Jul 96

[FBIS Translated Text] Washington, 29 Jul (MENA)—President Husni Mubarak has warned that the establishment of more Jewish settlements in the West Bank and the Gaza Strip will create many problems in the future and constitute a serious obstacle to the peace process in the region. In a statement to the U.S. CNN Television Network broadcast this evening, President Mubarak said: We are all looking for peace and so the establishment of new settlements at this time in particular will create problems. He voiced his hope that Israeli Prime Minister Binyamin Netanyahu will lift the security siege imposed on the West Bank and the Gaza Strip immediately.

In response to a question on the nature of his recent meeting with Israeli Prime Minister Netanyahu in Cairo and what Netanyahu told him about the Israeli intentions regarding the peace process, President Mubarak said that his meeting with Netanyahu was extremely good, that they discussed all topics relating to the peace process, and that Netanyahu stressed to him that he is committed to all the signed agreements. He added that he is aware that Netanyahu has some problems in his country but will try to do what he can to overcome them. President Mubarak said that it is extremely important to continue the peace process.

Responding to a question by senior CNN commentator Steve Hearst [name as received] on the nature of these problems, President Mubarak said that there are some domestic problems in Israel relating to the council of ministers, to some former ministers, and also the promises that Netanyahu made during his election campaign. President Mubarak said that if Netanyahu succeeds in solving these problems, it will be very good. President Mubarak said that Palestinian president Yasir 'Arafat has doubts about Netanyahu's attitude toward peace. He said he believes that 'Arafat has some hope after his meeting with Israeli Foreign Minister David Levi, "which is very important." President Mubarak noted that he telephoned 'Arafat after his meeting with Israeli Prime Minister Netanyahu and expressed his optimism about the possibility of continuing the peace process, noting the need to give Netanyahu some time and allow the opportunity for the continuation of the peace process.

In reply to a question on the time needed before the peace process can move forward, President Mubarak said that he cannot tell how much time is needed but he stressed that the sooner it is the better. He said that a delay in the resumption of the peace process and in making progress will create fertile ground for terrorism. He said we must speed up our efforts and president 'Arafat and Prime Minister Netanyahu must move forward and continue the peace process because he fears that if we have to wait a long time, it will be extremely difficult to move forward.

President Mubarak answered a question on secret Egyptian-Syrian contacts concerning the peace process and Syria's position on advancing this process. He said he is in continuous contact with Syrian President Hafiz al-Asad, who asserted during the recent Arab summit Syria's desire for peace, but that he wants a "just peace". For instance, Mubarak added, he [the Syrian president] will not agree to sign any peace treaty unless Syria regains all of its occupied territories.

President Mubarak went on to say that President al-Asad had obtained, directly or indirectly, the "word" of the previous Israeli Government that Israel might give back the Golan Heights to Syria. This promise, President Mubarak remarked, was not explicit but he had the feeling that the Israeli Government will press ahead in this direction.

President Mubarak was also asked about the recent tour conducted by Dennis Ross, the U.S. coordinator for the Middle East peace process, to resume peace talks between Syria and Israel. Mubarak said Ross told him of Syrian President Hafiz al-Asad's and Israeli Prime Minister Binyamin Netanyahu's eagerness to achieve peace.

President Mubarak expressed his hope that negotiations between the Syrians and Israelis will resume soon. This, he added, was the request of the previous Israeli Government when the Lebanon problem emerged. He also expressed his belief that Israel should call for resuming negotiations.

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Concluding his interview with the U.S. CNN network, President Mubarak replied to a question on the United States' objection to the renomination of Dr. Butrus Butrus-Ghali to the post of UN secretary general for a second term. He said he wonders about the motives behind raising this issue six months before the expiration of Dr. Butrus-Ghali's first term at the United nations.

President Mubarak emphasized that Dr. Butrus-Ghali, as testified by various countries, is doing all he can and that he needs support.

President Mubarak expressed his hope that a "suitable compromise solution" to this problem will be reached in the next six months.

Egypt: Papers Comment on Mubarak-Clinton Summit

NC3007085096 Cairo MENA in Arabic 0520 GMT 30 Jul 96

[FBIS Translated Text] Cairo, 30 Jul (MENA)—The Cairo papers describe President Husni Mubarak's meeting today with U.S. President Bill Clinton at the White House as a decisive one for the Middle East peace process, which has been subjected to storms that put an end to the progress that the peoples of the region had begun to feel.

In an editorial entitled "Friendship, Not Subservience," AL-AHRAM writes that the agenda of the Mubarak-Clinton summit is open to include every bilateral and international issue of common interest. It says: In view of changes in the Middle East and Israeli attempts to turn against the legal and political terms of reference for the peace process, Cairo and all the Arab capitals expect the U.S. Administration to sponsor the peace process with some objectivity — we do not say full neutrality — so as to achieve the primary Egyptian and U.S. interest of resolving the Arab-Israeli conflict in accordance with the land-for-peace principle.

The paper adds: In addition to bilateral political and economic cooperation, Cairo and Washington are bound together by other common interests, such as combating terrorism and the proliferation of weapons of mass destruction and protecting the security of the Arab Gulf, the main source of global energy. These interests fall within the framework of parity, mutual respect, and friendship, not subservience.

Under the headline "The Required U.S. Role," AL-AKHBAR Chief Editor Jalal Duwaydar writes: The question that arises in President Mubarak's talks in Washington is what do Egypt and the Arabs want now from the United States, the sole power in the international political arena. Trying to answer this question on the basis of the Arab people's feelings, President Mubarak's views on which U.S. officials say they are eager to hear, I say that Washington is required to play a more active and serious role as a neutral partner in the peace process to speed up its completion in accordance with the resolutions of international legitimacy and the agreements reached in Oslo, Madrid, Washington, and Cairo.

He added: In light of its relations with Israel and the unlimited military and economic support it gives that country, Washington should also convince Israel's rulers and the Jewish lobby that the comprehensive and just peace that lasts, not the occupation of territories, is the only guarantee for its security and its acceptance as one of the Middle East countries.

The writer goes on to say: The United States should also believe that there can be no Arab-Israeli normalization, economic cooperation, or reconciliation without a just and equitable peace.

Duwaydar adds that one demand is that Washington should link its short and long-term strategic and economic interests in the Middle East and should consider that its negative positions on these interests are helping the countries and elements lying in wait to sabotage these interests and export trouble, violence, and instability to the region.

Concluding his article, he says: These few, but extremely important, demands for the Arab countries and peoples do not mean a desire to belittle the United States' right to have strong and solid relations with Israel, but only aim to seek a balance that achieves security for U.S. interests and maintain secure and stable relations with the Arab world.

Mustafa Amin writes in his daily column in AL-AKHBAR: The Arab countries are watching with great interest the talks between Mubarak and Clinton in Washington. We hope to make real progress in these talks; we do not want to beat about the bush and then find ourselves back at point zero. We do not want to hear the sweet words that we have become accustomed to hearing in negotiations and discussions and then find out that we are still at the same place without taking one step forward. He adds: We hope the U.S. Government realizes that President Mubarak is not talking in his name alone or in the name of Egypt alone, but in the name of all the Arab people, who now feel the injustice and unfairness and are searching uselessly for justice and peace.

He continues: We refuse to allow the United States to go back on its stand and ignore the Madrid conference resolutions, on which we all agreed. We adhere to the

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land-for-peace principle; we are not children who can be taken for a ride by Israeli Prime Minister Netanyahu, who might give us bronze while taking gold for himself or sell us glass in place of diamonds. We cannot accept having Israel put us in a dangerous circle and turn us round until we are dizzy then give us empty talk in return for relinquishing our legitimate rights to our country.

Mustafa Amin concludes his column: Today we are not asking the United States to give us anything. But we are asking it to put us on an equal footing with Israel and to understand the reason for the tension in the Middle East. It is going back on its promises, trampling over the UN resolutions that it previously approved, and sacrificing the rights of over 20 nations to win the elections. Thus it is oppressing the majority of nations for the sake of one.

The newspaper AL-JUMHURIYAH says in its comment that President Husni Mubarak is carrying to Washington the file for rescuing peace. On this very important visit he will try to convince President Bill Clinton of the need to take a step forward and move the peace process to confront all the conspiracies that are being woven in the region.

The newspaper notes that U.S. adherence to the peace process continues and should not stop until after the U.S. elections, because the waiting game has turned against them and almost harmed all the gains that have been realized through confidence-building in recent months.

Concluding its comment, the newspaper says that pushing the peace process forward is the first step toward rescuing the region from the conspiracies of the extremists, terrorists, and enemies of peace.

In his daily "Dividing Lines" column, Samir Rajab, chairman of the board of AL-JUMHURIYAH, writes: There is no argument that the United States, like Egypt, wants to keep the peace process moving, since it is a main, a real, partner in that process. For things to move naturally in a way that would realize the hopes and dreams of the people in the Middle East region, the international agreements, all of which stipulate the principle of land for peace, must be implemented. This is what the United States cannot deny or oppose, because it knows, better than anyone, the dangers stemming from these results.

The writer expresses his optimism that the summit today between Presidents Mubarak and Clinton will reflect the extent of the understanding between them regarding continuing the peace process. This is represented in urging all the parties to overcome the obstacles and guarantee everyone's interests in a way that confirms the principles of justice and fairness on all the tracks—the Palestinian, which is considered the core of the issue, the Syrian, and the Lebanese.

Libya

Libya: Opposition Claims Regime Using Mustard Gas Against Rebels

MM2907131296 London AL-HAYAH in Arabic 28 Jul 96 p 6

[Unattributed report: "Libyan Oppositionists Accuse Tripoli of Using Foreign Troops and Poison Gas" — punctuation marks as published]

[FBIS Translated Text] London, AL-HAYAH — The Libyan Movement for Change and Reform [al-harakah al-libiyah li al-taghyyir wa al-islah — LMCR] has accused Libyan authorities of bringing Serb troops from Belgrade to shell areas in which rebels have taken refuge in al-Jabal al-Akhdar. It also accused the authorities of using mustard gas in the shelling.

The movement said in a statement yesterday: "Our sources inside the country say that Colonel Mu'ammar al-Qadhdhafi has once again stepped up the violence and repression policy against the Libyan people. In a serious development, and under the pretext of participating in a so-called military maneuver, he brought from Belgrade large numbers of Serb ground and air force troops three weeks ago, and that these troops took part in the bombardment of various areas in al-Jabal al-Akhdar, using mustard gas in a bid to smash the growing resistance of the Libyan people's sons who have taken up arms and stationed in these mountainous areas."

The statement added that "this escalation proves once again the Libyan regime's persistence in pursuing the criminal policy against the Libyan people's sons in a blatant violation of international laws, charters, and conventions and human values."

The statement said that "units armed with artillery and tanks bombarded Bu Salim prison in Tripoli to suppress the political prisoners' uprising, and as a result, scores of guards and hundreds of prisoners were killed or wounded."

Concluding, the statement said: "While following these developments, the LMCR warns of the serious development of using poison gases and foreign troops against honorable Libyan strugglers, and it calls on the Libyan forces opposed to the al-Qadhdhafi regime and on all Libyans — civilians and military — to unite their ranks and intensify the struggle.

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Sudan

Sudan: DUP SecGen on Dialogue Plan, SPLM Response

MM2907114596 London AL-SHARQ AL-AWSAT in Arabic 27 Jul 96 p 4

[Report by Zayn-al-'Abidin Ahmad in Cairo: "Al-Hindi Tells AL-SHARQ AL-AWSAT: We Have Received a Message from Clinton Supporting the Dialogue Initiative With Khartoum"]

[FBIS Translated Text] In an exclusive statement to AL-SHARQ AL-AWSAT, Zayn-al-'Abidin al-Hindi, the secretary general of the Sudanese Democratic Unionist Party [DUP], has revealed that the United States supports his initiative for a dialogue between the Sudanese opposition and the Khartoum Government.

Al-Hindi, who announced some time ago that he was breaking away from the DUP, said that he had received a message from U.S. President Bill Clinton supporting his initiative for a dialogue with the Khartoum regime.

Al-Hindi had sent a message to President Clinton detailing the initiative and expressing the Sudanese people's readiness to solve its problems without interference from any quarter.

The Sudanese oppositionist said that President Clinton expressed his pleasure and hopes that the Sudanese people can solve their problems and that these efforts will succeed.

Al-Hindi said that although some people believe that the initiative has no international or regional support, his group has sent messages to the Arab League, the Organization of African Unity, and neighboring states, particularly Ethiopia and Eritrea, with which they have very close ties, and advised them of their intention to hold a dialogue with Khartoum. He added that delegations will be touring several European, Asian, African, and Arab states to follow up on developments concerning the initiative. He stressed that these states are keeping a close watch on the progress of this dialogue and are awaiting its outcome through regular contacts with these states. He said that the delegation in charge of negotiations with the government will meet after the arrival in Khartoum of Sadiq al-Mahdi, the al-Ummah party leader and former Sudanese president, and the leaders of political parties and organizations in Sudan for consultations with them and with a view to persuading them and agreeing with them "to sit and work together toward achieving a dialogue."

With regard to their conditions for holding the dialogue, he said that putting preconditions on any negotiations would mean their failure and collapse, unless one of the two sides is trying to impose its conditions by force. He indicated that the dialogue will determine a format that would satisfy the Sudanese people, particularly in view of the fact that the initiative is a call emanating from the people in Sudan, rather than the known factions. Contacts on the initiative started six months ago, and there has been some discussion concerning this issue. He said: "We will undertake the experiment after having taken into consideration the popular and national view. The outcome of the dialogue is not guaranteed. It may succeed or it may fail." On rumors that there are hard-liners in the regime, al-Hindi said: "I want to find out the truth about these hard-liners and find out what they want. That is why there must be a dialogue. If we find what we want and what would safeguard the people's interest, it would be a success. Otherwise, it would be up to the Sudanese people to decide."

He said that the problem of the south is Sudan's major problem and that we need a dialogue with the southerners more than anything else. That is why we prepared a comprehensive message to [former Vice President] Abel Alier, the most prominent southern moderate leader, and we are now preparing to hold contacts with Colonel John Garang and the [Sudanese] People's [Liberation] Movement [SPLM], since they are a major and important group, before sitting down with the regime, because any agreement with the government cannot disregard John Garang and his organization.

Among reactions from Sudanese opposition organizations, Sulayman Adam Bakhit, official in charge of the SPLM Middle East and Gulf Bureau, said that the SPLM does not recognize this initiative, that it is useless, and that, had a dialogue been needed, it would have been better for Sharif al-Hindi to hold a dialogue and solve his problems with his own party first.

Sulayman Bakhit said that the Sudanese Government is not serious about holding any dialogue, that there is no common ground between them and the regime, and that they have agreed to topple the regime and get rid of it once and for all through the National Democratic Grouping rather than through an isolated initiative. DUP Executive Bureau member Muhammad al-Mu'tasim Hakim said that they do not reject dialogue in principle, but that any dialogue should be based on principles and on common ground, and that this is not the case with the Khartoum regime. He went on: "Our disagreement with the Khartoum regime is ideological and political, because it is a regime which believes neither in democracy nor in human rights."

Hakim added that the regime is looking for a dialogue now that the revolution is being organized and taking shape and now that all its domestic and foreign policies

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have failed. He said that the [National] Islamic Front must first hold a dialogue with itself and yield to the Sudanese people's will represented in the NDG's memorandum demanding that it relinquish power so that a democratic regime can be established, and should it refuse to do so, the people have other options.

Sudan: Opposition Group Claims Five Sudanese Army Soldiers Killed

MM3007094196 London AL-HAYAH in Arabic 30 Jul 96 p 5

[Report by Afrah Muhammad in Addis Ababa: "Sudan: Opposition Organization Confirms Five Soldiers Killed in Attack"]

[FBIS Translated Text] A Sudanese opposition military organization announced yesterday that one of its groups carried out an attack against 15 members of the Sudanese Army in an area near the Sudanese-Eritrean border, killing five soldiers and wounding two.

In a statement received yesterday by AL-HAYAH in Addis Ababa, the Sudanese Alliance Forces, a Sudanese Army Legitimate Command splinter organization, said that "on Sunday morning" its Eritrea-based forces "carried out Operation Martyr Bashir Abu-Dik [name as transliterated, not further identified] against a group of 15 National Islamic Front elements."

The statement added that the clash resulted in five dead and two wounded. It added that the attacking elements, whose numbers and weapons it did not specify, "returned safely to their bases."

The statement said that the clash took place 24 km north of al-Qash delta in Kassala province on the border with Eritrea. The organization, which has carried out several guerrilla attacks over the past months, stressed that "it will continue to escalate the armed popular uprising, until victory for our people is achieved."

Tension on the Sudanese-Eritrean borders has increased with Sudanese opposition groups establishing their bases in Eritrea. REUTER quoted Western diplomats as saying that, over the past six months, the Sudanese Armed Forces have acquired some helicopters from Eastern Europe. They did not rule out the possibility that these may be used against opposition groups.

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Kuwait

Kuwait: Kuwait Urges Pressure on Iraq To Secure POW's Release

LD2907134796 Kuwait Radio Kuwait in Arabic 1000 GMT 29 Jul 96

[FBIS Translated Excerpt] The Council of Ministers held its weekly meeting this morning at Bayan Palace under the chairmanship of Heir Apparent and Prime Minister Shaykh Sa'd al-'Abdallah al-Salim al-Sabah. After the meeting Minister of State for Cabinet Affairs and Minister of Planning 'Abd-al-'Aziz Dakhil al-Dakhil gave the following statement:

On the occasion of the painful anniversary of the disaster of the treacherous Iraqi aggression against the beloved State of Kuwait which falls on Friday [2 August] the Council of Ministers issued a statement. The following is its text:

The State of Kuwait, while living the painful sixth anniversary of the disaster of the treacherous Iraqi invasion against it on 2 August, 1990, in an attempt to violate the sanctity of this peaceful country and wipe out its identity and legitimacy, prays to God for the release of its POW sons, who are detained in the prisons of the Iraqi regime, their safe return to their families and country and to bless our faithful martyrs and to house them in paradise. Kuwait, while recalling this memory, praises the tremendous efforts exerted by the loyal sons of this good country to confront the consequences of the treacherous Iraqi invasion which affected all the state's facilities and installations. It also expresses its gratitude for the good efforts and the brave stances by the brothers and friends and which have contributed, after God's grace, to its liberation from the claws of the treacherous occupation and the forces of tyranny and aggression and the foiling of the Iraqi regime's evil schemes. These good efforts and brave stances had the greatest effect in formulating a unified international stance toward the invasion since its first moments. In this respect, the State of Kuwait urges the international community to continue exerting pressure on the Iraqi regime until it complies with and implements all the Security Council resolutions, especially the serious cooperation with the International Committee of the Red Cross so as to guarantee the release of all the Kuwaiti and non-Kuwaiti POWs, in addition to the programs of weapons of mass destruction, returning stolen properties and payment of compensations and all that relates to the rights of Kuwait, its people, the world and all that would achieve security, peace and stability in the region. [passage omitted]

The council also followed up the news of the explosion in the Olympic village in Atlanta, United States, and expressed the condemnation of the State of Kuwait proceeding from its principles which reject terrorism in all its forms and kinds. It also expressed its condolences to the families of the victims and wished speedy recovery for the injured. [passage omitted]

Saudi Arabia

Saudi Arabia: Prince Sultan Holds Talks With 'Arafat in Jeddah

LD2907123296 Riyadh SPA in Arabic 1142 GMT 29 Jul 96

[FBIS Translated Text] Jeddah, 29 Jul — His Royal Highness Prince Sultan Bin-'Abd-al-'Aziz, second deputy prime minister, minister of defense and aviation and inspector-general, received at his office in Jeddah before noon today His Excellency President Yasir Arafat, president of the State of Palestine. The most important developments in the Arab and international arenas and issues of common interest were reviewed during the meeting.

The meeting was attended by His Excellency Dr. 'Abd-al-'Aziz al-Khuwaytir, minister of state and member of the Council of Ministers, and the delegation accompanying His Excellency President Yasir 'Arafat.

Saudi Arabia: Yemen Agrees on Security, Other Matters

LD2907181796 Riyadh SPA in Arabic 1630 GMT 29 Jul 96

[FBIS Translated Text] Jeddah, 29 Jul (SPA) — At the end of the visit by His Excellency Yemeni Interior Minister Colonel Husayn 'Arab to the kingdom, the following statement was released by the office of his royal highness the interior minister:

At the invitation of Prince Nayif Bin-'Abd-al-'Aziz, the interior minister of the Kingdom of Saudi Arabia, his excellency brother Colonel Husayn Muhammad 'Arab, the interior minister of the Republic of Yemen, paid an official visit to the Kingdom of Saudi Arabia from 12 Rabi al-Awwal 1417 AH to 14 Rabi al-Awwal 1417 AH, corresponding to the period 27-29 July 1996.

Proceeding from the orientation of the leaderships in the two sisterly countries toward opening new prospects in bilateral relations with a view to strengthening and bolstering ties of fraternity and spreading security and stability in the two countries, the interior ministers in the two sisterly countries signed, during this visit, two security agreements. The first agreement is about security cooperation in all areas, particularly in the exchange of information, the fight against crime, [cross-border] infiltrations, the extradition of criminals, the

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training of senior security staff, and the exchange of visits and experiences. The second agreement is about the fight against drugs and stimulants, drug smuggling and drug trafficking.

After the signing of the two agreements, both sides reiterated their joint commitment not to turn the territory of either country into a launching pad or a haven for any acts that may have an adverse effect on the security and stability of the other country. Both sides also reiterated their joint commitment to consider the security of their two countries as a joint security matter.

At the end of this visit, his excellency the interior minister of the sisterly Republic of Yemen expressed his thanks and gratitude for the warm welcome and hospitality accorded to him and the delegation accompanying him.

Saudi Arabia: Government Executes Iraqi National for Murder

LD2907144196 Riyadh Saudi Arabian Kingdom Radio Network in Arabic 1130 GMT 29 Jul 96

[FBIS Translated Excerpt] Statement from the Interior Ministry.

God says: The punishment of those who wage war against God and His Apostle, and strive with might and main for mischief through the land is: execution, or crucifixion, or the cutting off of hands and feet from opposite sides, or exile from the land: that is their disgrace in this world, and a heavy punishment is theirs in the Hereafter. [Koran, Chapter V, Verse 36]

Mufid Bin-Muhammad Bin-'Abd-al-Karim al-Mushahidi, an Iraqi national, and another person with him lured Lafi Bin-Farhan Bin-Furayj al-'Amiri, a Saudi national, to their tent after they saw him with some money. Then, they tied him up and Mufid stabbed him many times, then shot him dead with his pistol and took his money.

By the grace of God, the security authorities managed to arrest them. An investigation led to indicting Mufid for his crime and referring him to the religious court. A legal document was issued containing the confirmation that he was accused of a death sentence. The sentence was ratified by the Authority of Cassation and the Supreme Judicial Council. Decree number 4/88 was issued on 6 Safar, 1417 AH [21 June 1996] to implement what has been decided regarding the abovementioned felon.

The execution of Mufid Bin-Muhammad Bin-'Abd-al-Karim al-Mushahidi, an Iraqi national, took place today Monday 14th Rabi' al-Awwal, 1417 AH [29 July 1996] in 'Ar'ar near the northern border. [passage omitted]

Saudi Arabia: Paper Hits 'Selfish, Shortsighted' U.S. Policies in Gulf

MM2907160796 London AL-QUDS AL-'ARABI in Arabic 29 Jul 96 p 1

[Article by 'Abd-al-Bari 'Atwan: "The U.S. Presence in Saudi Arabia"]

[FBIS Translated Text] It seems that the United States has not finished blackmailing Saudi Arabia, despite the country's current difficult financial situation caused by mounting debts and shrinking oil revenues. U.S. Defense Secretary William Perry's forthcoming visit to Riyadh comes within this context.

The U.S. defense secretary wants to persuade Saudi officials to finance a security plan aimed at moving 5,000 U.S. soldiers away from populated areas, from their Dhahran military base to the safer al-Kharj desert area, and to build new compounds for them, complete with all the other necessary facilities.

American fears are justified. In less than six months, U.S. troops have been subjected to two attacks which left 25 soldiers dead and hundreds wounded, the first in Riyadh and the second at al-Khubar, while other locations are still under threat. However, what is not justified is the pressure exerted on the bankrupt and debt-ridden Saudi treasury to shoulder the expense of these U.S. plans, estimated at hundreds of millions of dollars.

It is clear that the U.S. Administration is not satisfied with just siphoning off the country's wealth through costly arms and aircraft deals, but also wants to mortgage it for years to come, because its first concern is the welfare of its own citizens, providing job opportunities for them, and increasing its companies' profits. The welfare of Saudi and Gulf citizens has no place among its priorities.

It is such selfish and shortsighted policies which make U.S. forces the target for retaliatory attacks in the Arabian peninsula and elsewhere and fuel the Islamic and nationalist opposition against the regimes which host them.

The ideal way to protect the U.S. forces is not by moving them from Dhahran to safer desert locations, but by moving them back where they belong, to Chicago, Miami, San Francisco, and Seattle. We do not think that even the Saudi Government, which has realized the magnitude of the security and political burden on its shoulders because of their presence, would disagree with us, particularly since Defense and Aviation Minister Prince Sultan Bin-'Abd-al-'Aziz initially opposed this measure and refused to finance it, before backtracking

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two days later. He justified this change of heart by saying that he had been misquoted, despite the fact that his statements were circulated by the official news agencies.

It is difficult for us to understand why the U.S. presence in Saudi Arabia should continue on such a scale, and why there is an attempt at making a permanent home for it. These forces came to Saudi Arabia during the Iraqi invasion of Kuwait, and should have left five years ago when the emirate was liberated and the Iraqi forces driven out from it.

Saudi Arabia was not under the threat of an Iraqi invasion; had that been the case at the time it would have necessitated the presence of allied U.S. forces. Circumstances have now changed, and Iraq has lost all means of power after its military arsenal was destroyed and after it was exhausted by a comprehensive blockade so that it is no longer capable of controlling its territory, let alone threatening its neighbors.

If the presence of these forces is required to watch over the no-go areas in southern Iraq, Kuwait rather than Saudi Arabia should take care of all their expenses and any expenses resulting from building new military bases for them. It possesses a huge financial surplus of over $50 billion invested in international banks, whereas Saudi debts amount to almost $100 billion dollars, due to the fact that it supported Kuwait during its crisis.

We are surprised that the Saudi Government does not ask its Kuwaiti counterpart to pay all its financial losses, estimated at some $60 billion, incurred during its historic stand by Kuwait's side during the Iraqi invasion. This does not mean that we are asking the Saudis to be as insolent as the Americans in demanding their rights, but that the gentlemanly approach does not work with everyone. As long as the United States is asking Saudi Arabia to settle all the bills, Saudi Arabia should in turn do the same to Kuwait, because this money belongs to the Saudi people which is now suffering from the economic crisis, austerity measures, and indirect taxes that the government has imposed on it.

Yemen

Yemen: 'Arafat, Delegation Arrive on Visit

JN2907180496 Sanaa Yemeni Republic Radio Network in Arabic 1700 GMT 29 Jul 96

[FBIS Translated Text] Brother struggler Yasir 'Arafat, president of the State of Palestine and chairman of the PLO Political Department, arrived in Sanaa this afternoon at the head of a delegation on a visit to our country that will last several days. He will meet with brother Lieutenant General 'Ali 'Abdallah Salih, president of the Republic, with whom he will discuss the latest developments in the peace process and the situation in the Middle East.

He was received at Sanaa International Airport by Prime Minister 'Abd-al-'Aziz 'Abd-al-Ghani, a number of ministers and officials, and Yahya Rabah, ambassador of Palestine in Sanaa.

In a statement upon arrival to the YEMENI NEWS AGENCY, SABA', Brother Yasir 'Arafat said that he and his delegation are pleased to visit their second country, Yemen. He said that he will hold consultations with officials on the peace process and Middle East developments. Concluding his statement, he said that his visit to our country is part of Arab coordination to achieve a just and comprehensive peace that will ensure the return of rights to their owners.

The Palestinian president is accompanied by Mahmud 'Abbas, secretary of the PLO Executive Committee; Sa'ib 'Urayqat, minister of local government; al-Tayyib 'Abd-al-Rahim, secretary general of the presidency; and As'ad 'Abd-al-Rahman, member of the PLO Executive Committee.

Yemen: Salih Receives 'Arafat, Reiterates Support for Palestinians

JN3007071296 Sanaa Yemeni Republic Television Network in Arabic 1800 GMT 29 Jul 96

[Announcer-read report over video]

[FBIS Translated Text] This evening Brother Lieutenant General 'Ali 'Abdallah Salih, president of the republic, received Brother struggler Yasir 'Arafat, president of the state of Palestine, who is currently visiting our country.

They discussed the situation in the Palestinian arena; developments in the Middle East peace process; and issues and developments that concern the Arab nation, most prominent among which are the efforts to restore Arab solidarity and realize a comprehensive and just peace in the Middle East.

The brother president reiterated our country's firm position in support of the Palestinian people and their right to establish their independent state on their national soil, with holy Jerusalem as its capital. He stressed our country's eagerness to restore and entrench Arab solidarity in a way that emphasizes the Arab nation's ability to overcome its marginal differences, which serve no one but its enemies.

The meeting was attended by Prime Minister 'Abd-al-'Aziz 'Abd-al-Ghani. On the Palestinian side it was attended by Mahmud 'Abbas, secretary of the PLO Executive Committee; Sa'ib 'Urayqat, minister of local

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government; and Yahya Rabah, Palestinian ambassador to our country.

Yemen: Salih, 'Arafat Discuss Israeli Policy

JN3007071696 Jericho Voice of Palestine in Arabic 0500 GMT 30 Jul 96

[FBIS Translated Text] President Yasir 'Arafat met with Yemeni President 'Ali 'Abdallah Salih in Sanaa yesterday evening. They reviewed the latest developments of the peace process in the region, particularly on the Palestinian-Israeli track.

The PALESTINIAN NEWS AGENCY, WAFA, says that President 'Arafat briefed the Yemeni president on how the Israeli Government obstructs the settlement of the outstanding issues from the Oslo A and B agreements. President 'Arafat also briefed President Salih on his recent meeting with Israeli Foreign Minister David Levi. 'Arafat emphasized that the real test the Israeli Government faces is the implementation of the agreements on the ground and the continuation of the peace process on the basis of the land-for-peace principle and the implementation of international legitimacy resolutions.

President 'Arafat explained the seriousness of the Israeli decision allowing extremist Jews to enter al-Aqsa Mosque, not to mention the frenzied settlement drive on Palestinian land. The two presidents said the current stage will be a serious and critical stage if the Israeli Government continues to abide by the policy it upheld during the elections. They also agreed to accelerate efforts to achieve Arab solidarity to push the peace process ahead on all tracks, including the Syrian and Lebanese tracks.

The Yemeni president said his country—president, government, and people—supports the Palestinian people and their National Authority for the attainment of their just and legitimate objectives of establishing their independent state with Jerusalem as capital.

President Yasir 'Arafat arrived in Sanaa yesterday evening at the end of a visit to Riyadh during which he met with Saudi King Fahd Bin-'Abd-al-'Aziz and senior Saudi officials.

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Iraq: Trade Minister Receives Chinese Delegation

JN2907170196 Baghdad INA in Arabic 1320 GMT 29 Jul 96

[FBIS Translated Text] Baghdad, 29 Jul (INA)—Minister of Trade Muhammad Mahdi Salih today received Shi Wi San [name as transliterated], director general of the West Asia and Africa Company in the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China [PRC].

The minister of trade reviewed existing trade relations between Iraq and China and the prospects for activating these relations in a way that reinforces the interests of the two friendly peoples. He noted the need for the PRC's trade activities to play an effective role in providing Iraq with foodstuffs, on which there is an agreement in accordance with the memorandum of understanding signed between Iraq and the UN General Secretariat on 20 May.

Shi Wi San expressed the desire of Chinese trade companies to strengthen their relations with trade establishments in Iraq and restoring them to their previous status. He said that these companies are very willing to supply Iraq with foodstuffs, medicine, and medical supplies.

A session of trade talks between Iraq and China began here today. Hatim 'Abd-al-Husayn, the Ministry of Trade's under secretary, led the Iraqi side. Shi Wi San, director general of the West Asia and Africa Company in the Chinese Ministry of Foreign Trade and Economic Cooperation, led the Chinese side.

The two sides' talks focused on activating and expanding trade relations between the two friendly countries, as well as the possibility of restoring these relations to the level they were at before the embargo was imposed on Iraq in August 1990.

On the Iraqi side, the talks were attended by the director general of the food trade department and a few representatives from the Ministry of Trade's departments. The talks were also attended by the Chinese charge d'affaires, the trade adviser, and members of the trade delegation accompanying Shi Wi San.

The Chinese trade delegation arrived in Baghdad late last night. It includes representatives of five trade companies dealing with the manufacturing of foodstuffs, medicine, medical supplies, and agricultural and animal products.

In a statement to the IRAQI NEWS AGENCY, the head of the Chinese delegation said that the Chinese trade, industrial, and medical companies are fully ready to part in easing the suffering of the Iraqi people as a result of the continued embargo by providing Iraq with foodstuffs and medical supplies.

He added that the memorandum of understanding between Iraq and the UN General Secretariat opens new prospects for reinforcing trade between the two countries, which were halted as a result of the siege imposed on the Iraqi people. He noted that the Chinese Government welcomes this accomplishment, which will enable Iraq to reassume its role at all levels.

Iraq: UN Official Says Iranian Troops Pull Back From Camp

NC3007083696 Paris AFP in English 0825 GMT 30 Jul 96

[FBIS Transcribed Text] Irbil, Iraq, July 30 (AFP)—Iranian troops have pulled back from a rebel Kurdish camp in northern Iraq but refugees fleeing the fighting fear they will be the next target for attack, UN officials said Tuesday [30 July].

A senior UN officer here, who asked not to be named, said Iranian troops began to withdraw from a camp of the Democratic Party of Iranian Kurdistan (DPIK) in Kou Senjaq late Monday after bombarding it for two days.

"The situation there is quiet now," the officer told AFP, adding that troops had moved to the Raniyah area further east, towards the Iranian border.

However he said "there are refugees in Raniyah and maybe Iranian troops will shell them."

"Those refugees are afraid of Iranian troops, and they can't come to the main northern Iraqi city of Irbil because they would have to use the same road as the soldiers."

Around 2,500 refugees, almost all of them women and children, fled Kou Senjaq on Sunday and Monday after Iranian troops began to shell their camp, which is 50 kilometres (30 miles) inside Iraq.

Taymoor Mustafay, a DPIK spokesman in Irbil, said Tuesday: "Our information indicates that a part of the Iranian troops have withdrawn and others have stayed in the Raniyah area."

The DPIK said 2,000 Iranian soldiers had crossed into Kurdish-controlled northern Iraq last Thursday to attack the rebel bases.

Iran said Monday it had crushed Iranian Kurdish rebels in a massive incursion using ground troops, air strikes and artillery, and had killed at least 20 "important" members of the DPIK.

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The elite Revolutionary Guards said the operation which began Sunday against DPIK bases following cross-border attacks by the Kurdish rebels had "ended with success."

But the DPIK said only two people, a man and a woman, were killed in the onslaught on Kou Senjaq.

UN agencies and non-government organisations continued Tuesday to try to distribute food, water, shelter and medical care to the refugees who flocked to the office of the UN High Commissioner for Refugees in Irbil.

"We will stay in front of the UNHCR base until they find shelter for us," Eran Habibi, a 35-year-old Iranian Kurdish woman, told AFP.

"It is a crime that our houses were shelled. The UN should question Iran."

Iran, like neighbouring Iraq, Turkey and Syria, has a sizeable Kurdish minority, with some factions like the DPIK waging a campaign for autonomy.

Northern Iraq has been controlled by Iraqi Kurds in defiance of Baghdad since the end of the 1991 Gulf War.

Iraq: Agriculture Minister Receives UN Official

JN2907163296 Baghdad INA in English 1350 GMT 29 Jul 96

[FBIS Transcribed Text] Baghdad, July 29, INA—Iraqi Minister of Agriculture Dr. 'Abd-al-Ilah Hamid Muhammad Salih met here today with coordinator of the United Nations agencies in Iraq Mr. Muhammad Zigari.

During the meeting the minister reviewed the negative impacts of the continued economic embargo on the agricultural sector and said that it resulted in an acute shortage in seeds and other agricultural requirements.

Mr. Muhammad Zigari gave an explanation on the activities of the United Nations agencies in the coming period which will participate in surpassing the difficulties from which the agricultural sector in Iraq suffer as a result of the continued embargo.

Iraq: Kurdish Radio Says Iranian Planes Bomb Sites Near Irbil

JN2907184596 (Clandestine) Voice of Iraqi Kurdistan in Arabic 1800 GMT 29 Jul 96

[FBIS Translated Text] At 1420 [1020 GMT] Today, Iranian planes bombed the Jaznikan housing complex, north of the city of Irbil. The complex houses some Iranian Kurdish refugee families. The bombing inflicted material damage on both the complex and the nearby (Partikan) village, whose inhabitants are all Iraqi Kurds.

Iraq: Barzani Party Demands Iranian Troop Withdrawal, Blames PUK

JN2907193996 (Clandestine) Voice of Iraqi Kurdistan in Arabic 1800 GMT 29 Jul 96

[FBIS Translated Text] A spokesman from the Political Bureau of the Iraqi Kurdistan Democratic Party said the following:

It is now common knowledge that a large Iranian force from the Revolutionary Guard Corps, armed with heavy weapons and preceded by the forces of the Patriotic Union of Kurdistan [PUK], crossed the border into Iraqi Kurdistan at (Bashmakh) area, in Banjwin District of al-Sulaymaniyah Governorate. The forces moved to al-Sulaymaiyah city, then to Dukan, and then to Kou Senjaq city.

At 0600 [0200 GMT] on 28 July, these forces began an assault on the Iranian Kurdistan Democratic Party and Iranian refugee camps in the Kou Senjaq area, 50 km east of Irbil. The Iranian Kurds sustained many casualties.

In the past, we have expressed our protest against and objection to any violation of the sanctity of the Kurdistan region's territory and to all military intervention in our country by foreign forces. We voice our protest against this intervention and demand an immediate halt to the operation and the withdrawal of Iranian forces.

The leaders of the PUK bear great and basic responsibility in this operation. They have perpetrated a treasonous and shameful deed. They were the ones who masterminded this affliction and persuaded others to commit this interference in the affairs of Kurdistan. They preceded the foreign forces as far as 200 km away from the Iranian border, deep inside Iraqi Kurdistan, in order to strike at the Iranian Kurdish refugees.

Through this military coordination, the PUK leaders want to realize material and military gains to use in the internal [Iraqi Kurdish] strife, thus aggravating the differences, deepening the internal crisis in Kurdistan, and paving the way for external interference in our internal affairs, committing every possible national treason to realize their objectives.

[Signed] Spokesman of the Political Bureau of the Iraqi Kurdistan Democratic Party, the night of 28/29 July 1996.

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Iraq: 'Kurdistan Region Government' Denounces Iranian Attack

NC2907181796 (Clandestine) Voice of the People of Kurdistan in Arabic 1700 GMT 29 Jul 96

[FBIS Translated Text] An official spokesman for the Kurdistan Region government made the following statement: On 28 July 1995, the forces of the Islamic Republic of Iran shelled the positions of the Iranian Kordestan Democratic Party near Kou Senjaq.

We, the government of the Iraqi Kurdistan Region, declare our condemnation and denunciation of these Iranian and Turkish practices. We urge the United Nations and the international community to act to put an end to Iranian and Turkish interventions.

Iraq: Kurdistan Parliament Speaker Denounces Iranian Attack

JN2907201996 (Clandestine) Voice of Iraqi Kurdistan in Arabic 1800 GMT 29 Jul 96

[Statement issued by Jawhar Namiq Salim, speaker of the Iraqi Kurdistan Parliament, on 28 July; place not given—read by announcer]

[FBIS Translated Text] On 26 and 27 July, a large Iranian force crossed the Iraq-Iran international border at Banjwin District in Iraqi Kurdistan, heading toward the city of al-Sulaymaniyah and Dukan District. The force took positions in Kou Senjaq District in the Governorate of Irbil, the capital of Iraqi Kurdistan. The Iranian forces were deployed on more than one axis, including the city of Irbil. All these areas are located within the areas under the control of the Patriotic Union of Kurdistan [PUK] militias.

On the morning of 28 July, these forces launched a large-scale attack on the Iranian refugee camps that belong to the Iranian Kordestan Democratic Party and the party's offices and centers in the Kou Senjag area, using all kinds of weapons including heavy artillery, missile launchers, and armor and on more than one axis. The Iranian forces blocked the main road between the regional capital, Irbil, and Kou Senjaq city and between Irbil and Raniyah, and consolidated their control over the Kou Senjaq-Irbil crossing, which is only a few kilometers from Irbil. The fighting is still continuing.

By mounting this offensive and by penetrating the international border to a distance of more than 200 km inside Iraqi Kurdistan in the safe-haven area that is situated within the 36 parallel—an area that is protected by the allied international forces in accordance with UN Security Council Resolutions—and the terror and panic this offensive caused among the region's citizens because of the fighting and the artillery shelling, causing fires that burned the crops and forced hundreds to flee the area of hostilities, the Iranian forces have committed an aggression against our people's rights and lives, violated our territory, and transgressed international laws and conventions.

While denouncing this aggression in the name of the parliament of Iraqi Kurdistan, we demand a halt to this attack and the withdrawal of the attacking forces from our country.

The UN Security Council, the states that are concerned with our protection, and the international community are asked to make a serious, clear, and decisive decision on the many violations by some regional states, which transfer their differences and struggles to Iraqi Kurdistan at the expense of our people's tears and blood and the sanctity of our soil at a time when we and the region are in dire need of security, stability, peace, and construction.

[Signed] Jawhar Namiq Salim, speaker of the Kurdistan region's parliament, 28 July 1996.

Iraq: Saddam Comments on Link Between Private, Public Sectors

JN2907191196 Baghdad Iraq Television Network in Arabic 1700 GMT 29 Jul 96

[Video report]

[FBIS Translated Text] With the blessings of God, leader President Saddam Husayn, may God protect and save him, presided over the cabinet's 28th session.

The cabinet discussed the link between socialist and private activities. His excellency stressed the need to consider the social aspect when discussing any economic issue, especially during the phase through which our dear country is passing. He emphasized the need for interaction between the socialist and private sectors. The private sector must understand that a strong, cohesive state with its well-known elements — the people, the country, and the government — as is the case with the march of the revolution, will enable it to succeed along with the socialist sector. Otherwise, this sector will be weak and subservient to foreign investment. When socialist activity fosters private activity, this will strengthen the private sector's feeling of the importance of the socialist sector to the country and the nation.

The leader president, may God protect him, said: If there are things we cannot do now, this does not mean we are not thinking about them. We must think about what we are going to do in the future. The state of affairs in which the present is isolated from the future is rejected in our strategy.

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His excellency, may God save him, added: The enemies tried to destroy this generation. They failed to do so because of what has been achieved in terms of building the new individual. Now they are now trying to make this generation a mere idea, without a regime that can symbolize it and make it illuminate the path for the others, and to prevent it from influencing the Arab mind and the third world.

The above statements were made while the cabinet was discussing a law on supporting scientists. His excellency noted that the enemies wanted the scientific awakening that was achieved under the glorious 17-30 July Revolution to end by preventing the Iraqis from keeping pace with scientific progress during the blockade. However, they have been disappointed. Science has continued to progress, despite six years of the unfair embargo that has affected all aspects of life. We continue to develop Iraqi scientists through the graduation of virtuous sons from post-graduate studies in various fields.

In a reference to the influence the July Revolution had on the presence and future of nation, the leader president stressed that the distinguished position the Iraqis demonstrated in fighting in the glorious Saddam al-Qadisiyah [the Iraq-Iran war] and the immortal Mother of Battles, and in rebuilding what the evil ones destroyed in record time and with a clear creative spirit, lays the foundation for building a shining position and a regime that expresses the endurance of this shining position. It is not enough to build a shining position. The shining position and the regime it symbolizes make the awakening a comprehensive, continuous one and cause future generations stick to it despite the enemy attempt to deprive the Iraqis and the Arabs of this.

During a cabinet discussion on the issue of electrical power, the leader president, God protect him, emphasized the importance of electricity in the citizens' life. His excellency pointed out that the circumstances produced by the unfair embargo must not obstruct creativity and the ceaseless effort to provide a reasonable amount of the society's needs of electricity. His excellency called for pooling the efforts of the citizens and the state to achieve optimum use.

The cabinet discussed topics on its agenda and took the necessary decisions in their regard.

Iraq: Tribe Members Attack Mosul Jail, Release Prisoners

JN2907143396 (Clandestine) Voice of Rebellious Iraq in Arabic 1215 GMT 29 Jul 96

[FBIS Translated Text] An informed source told our radio that a valiant attack was launchedr by a group from the rebellious al-Hadidiyin tribe to liberate 100 prisoners in Mosul jail.

The source said a group comprising 15 members of al-Hadidiyin tribe attacked Mosul jail late on 15 July. The source added that the daring attackers released more than 100 prisoners, including a large number of al-Hadidiyin tribe members. A number of prison guards were killed in the clash with the attackers.

In an exclusive statement to our radio, the source said units from the regime's army and security agencies arrived at the jail as the attacking group and the released prisoners were withdrawing. The regime's forces opened fire at the prisoners, leaving a number of them dead or wounded. Others were able to escape the ambush laid by the regime's forces.

The source stressed that in the early hours of the next day, the regime's forces launched an offensive against the al-Hadidiyin tribe's villages to the north of Mosul. A fierce clash ensued between the two parties, and the regime's forces — backed by tanks and armored vehicles — were able to arrest more than 50 people. They also destroyed scores of houses. Families fled in various directions.

The fate of Shaykh Mustafa al-Warshan, chief of the al-Hadidiyin tribe, is still unknown. Last month, Shaykh al-Warshan led his tribe to confront an offensive launched by the Republican Guard troops against the tribe's villages, located between Fa'idah and Mosul. Security conditions in the governorate are still tense as tribe members prepare to launch counteroffensive in self-defense.

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Israel: Netanyahu To Visit Amman 5 Aug

TA3007051396 Jerusalem Qol Yisra'el in English 0400 GMT 30 Jul 96

[FBIS Transcribed Text] Prime Minister Netanyahu's visit to Amman will take place on Monday [5 August]. He will meet with King Husayn, Crown Prince Hasan, and senior Jordanian officials.

Next month, the prime minister will also visit several European countries, including Germany, France, and Britain.

Israel: Official Stresses Israel Seeking 'Lebanon First' Solution

TA2907154396 Jerusalem Qol Yisra'el in Arabic 0930 GMT 29 Jul 96

[FBIS Translated Text] David Bar-Ilan, head of the policy and information planning council in the prime minister's bureau, has stressed that Israel is seeking a Lebanon first solution out of a desire to finding a common denominator with Syria that paves the way to direct negotiations between the two countries and the achievement of a peaceful settlement between them.

In an exclusive interview with our correspondent Sa'id Mu'addi, Bar-Ilan warned that adopting a hasty and inconsiderate decision on redeployment in Hebron might lead to the collapse of the Israeli-Palestinian agreement. Bar-Ilan said that the prime minister has still not formulated his policy regarding settlement activity in the territories, but explained that the government will respond favorably to the natural growth of the settlers' population and will allow the establishment of institutions and infrastructure needed to meet their requirements.

It is worth noting that for the first time since his election as prime minister, Mr. Netanyahu will meet this afternoon with the heads of Jewish settlements in the territories to discuss the issue of the settlements and the government's policy on this matter.

Israel: Government Views 'High Strategic Value' in Deal With Turkey

TA2907182596 Jerusalem Israel Television Channel 1 Network in Hebrew 1700 GMT 29 Jul 96

[FBIS Translated Text] Turkish Foreign Ministry spokesman Omer Akbel says the Israel's giant deal to upgrade Turkey's Phantoms is about to be concluded. According to him, an agreement may be signed during Defense Ministry Director General David 'Ivri's visit to Ankara next week. Our correspondent Ehud Ya'ari has the details:

[Ya'ari] The deal seemed uncertain until a few days ago. The Turks were wondering impatiently whether Israel was trying to get out of the deal in favor of American companies, which have been trying to land this deal worth about $650 million. The delay in implementation was caused by a demand by eight Israeli banks that they receive increased government guarantees for the credit lines they are supposed to open, as Turkey will only start paying the bill two years after the work on the first of its 54 Phantoms is begun. The argument in Jerusalem, which sometimes rose to loud tones, resulted in the reduction of the banks' risk down to $25 million and the rejection of the proposal to favor Elbit over Israel Aircraft Industries as the deal's leading element. This was achieved thanks to intervention by the prime minister and the finance minister. A messenger is expected to take the draft contract to Ankara.

Jerusalem views the deal as one of high strategic value, and discussions on an additional deal for the upgrade of Turkish F-5's and the establishment of an Israeli plant in Turkey to manufacture helicopter night-vision systems are under way.

The Israel-Turkey agreement on aerial maneuvers is still being implemented, and Turkish pilots recently visited Israel. After Turkey gave President Mubarak the full text of the agreement, he stopped criticizing it.

Islamic Prime Minister Erbakan, who pledged not to interfere in defense affairs and not to harm ties with Israel established by the Turkish Army, is not expected to intervene against the new deal.

Israel: Settlers, Netanyahu Hold 'Positive' Talk; No Promises Made

TA2907155796

[FBIS Report] Jerusalem Qol Yisra'el in Hebrew at 1400 GMT on 29 July reports: "Leaders of the Council of Jewish Settlements in Judaea, Samaria, and Gaza have just emerged from their one-hour meeting with Binyamin Netanyahu and Defense Minister Mordekhay at the prime minister's bureau. Our correspondent Gil Litman reports that most of the council heads said that the positive, constructive atmosphere at the meeting was a reflection of the incumbent government's sympathetic attitude to the settler community. However, the prime minister made no specific promises. For instance, he did not positively promise that his government would revoke the settlement construction and population freeze orders issued by the Labor government four years ago.

"Our correspondent has learned that the council heads presented a list of demands to the prime minister, such as the expansion of settlements, the establishment of new settlements, a moratorium on the restriction orders against Israelis, and the demand that the IDF [Israel

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Defense Forces] not be withdrawn from Hebron. The prime minister listened to the requests and promised to consider them and decide as soon as possible. The prime minister further told the settlement council heads that he prefers to avoid making public statements that may sabotage the implementation of ideas."

Jerusalem Qol Yisra'el in Hebrew at 1500 GMT on 29 July adds: "The prime minister's bureau has announced that the settlement leaders acquainted the prime minister with issues pertaining to the settlements' everyday life, development, and security problems. They brought up problems plaguing their settlements as a result of the previous government's policies and requested that the discrimination against them be revoked. The prime minister replied that in his view, Judaea, Samaria, and Gaza settlements should be allowed to develop similarly to any other Israeli township, without any bias. He added that the cabinet would discuss the matter of new settlements at an appropriate date."

Tel Aviv IDF Radio in Hebrew at 1400 GMT on 29 July carries a report by Udi Segal who says that "Prime Minister Binyamin Netanyahu was not prepared today to give a date for the government's cancellation of the decision on a freeze of construction in the settlements, although in a closed forum a week ago he said that such a decision would be made in the cabinet meeting this week. Today Netanyahu was only willing to tell the settlers that the decision would be rescinded soon. Sources close to the prime minister explain that Netanyahu supports construction in the settlements but does not want to pay a heavy political price for this at the moment. The prime minister may prefer to adopt such a decision at a more convenient date, for instance, after the meeting with King Husayn which is scheduled for next week.

"The following is the prime minister's staged plan for construction in the settlements. In the first stage, he will cancel the previous government's decision and allow settlers to inhabit existing apartments in the settlements. He does not need the government's approval for this. Next, he will cancel the previous government's decision on Hadagan Hill, and will allow construction on the hills adjoining Efrat, according to an existing site plan. It is only at the third stage that Netanyahu will bring for government approval the abolition of decision No. 360, the famous decision by the Rabin government freezing construction in the territories. Incidentally, a draft to this effect has already been placed on the government secretariat's desk so that Netanyahu only needs to set a date." Also, "Netanyahu declared that it is possible for settlers to settle wherever the government chooses, but at this stage he is not talking about new construction in the settlements; he is talking about expanding the settlements, but this too, in stages."

Israel: Minister Eytan's New Territories Branch Viewed 'Political'

TA2907173896 Jerusalem Qol Yisra'el in Hebrew 1600 GMT 29 Jul 96

[FBIS Translated Text] Environment Minister Refa'el Eytan has decided to set up a new ministry department for the Judaea, Samaria, and Gaza District. Senior ministry officials told our correspondent Shula Schmerling that the decision has a political significance and that it aims to upgrade the link between the ministry and the territories beyond the Green Line. The Environment Ministry is the only government institution, with the exception of Israel Police, to have a separate department for Judaea, Samaria, and Gaza. All environmental problems in the territories have been dealt with by the Civil Administration to date.

Israel: Defense Source Believes PA Violates Accord To Prompt Talks

TA3007114496 Tel Aviv HA'ARETZ in Hebrew 30 Jul 96 p A3

[Report by Eytan Rabin]

[FBIS Translated Excerpt] A senior source in the defense establishment believes that high-ranking officials in the Palestinian Authority [PA] are instructing their subordinates to violate various clauses of the Oslo accords in order to force as many meetings as possible between Israeli officials and their Palestinian counterparts.

Defense establishment sources have learned that senior Palestinian police officers are instructing their personnel to deliberately violate the agreements, thus creating the need for meetings between Palestinian and Israeli officers. According to defense sources, such a meeting was held on 28 July between Major General Gabi Ofir, the IDF [Israel Defense Forces] commander in Judaea and Samaria, and the heads of the Palestinian Police.

At the meeting, which took place at Jerusalem's Hyatt Hotel, Maj. Gen. Ofir protested to the police commanders over the repeated Palestinian violations of the agreements. A number of such meetings between IDF officers and Palestinian police commanders have been held over the past two weeks. All the meetings dealt with PA violations of the agreements. At his meeting with the Palestinians, Maj. Gen. Ofir specified exactly which clauses had been breached. After the meeting was over, the Palestinians agreed to establish a joint body

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which, together with the IDF, would conduct debriefings and iron out the problems.

The assessment among defense establishment officials is that the Palestinians seek to hold as many meetings as possible with the Israeli political and military echelons in order to create a sense of continuity in the contacts with the Netanyahu government.

Senior defense officials say that 'Arafat's popularity among Palestinians plummeted in the wake of Netanyahu's rise to power. The sources explain that neither the Palestinian public nor 'Arafat have fully digested the political changes in Israel. The Palestinian residents wanted to see their situation improve and are now blaming the PA for their difficulties. Defense sources expressed the assessment that 'Arafat wants to hold as many meetings as possible with Israeli officials at both junior and senior levels. The same sources believe that the senior PA officials who instructed their subordinates to violate the agreement had in mind violations that would not spark any violent incidents. [passage omitted]

Israel: Netanyahu Aide Promises 'Unexpected Moves'

MM2907140796 London AL-SHARQ AL-AWSAT in Arabic 29 Jul 96 p 6

[Interview with As'ad al-As'ad, adviser to the Israeli prime minister on Arab affairs, by Salih Qallab in "occupied Jerusalem"; date not given]

[FBIS Translated Text] [Qallab] There has been an exchange of some bodies, POW's, and prisoners between Israel and Hizballah in Lebanon. Were contacts held between Israel and Iran in that respect?

[Al-As'ad] I cannot imagine that the deal could have been completed without Iran's approval and knowledge of the details, just as I cannot imagine any development in relations between Lebanon and Israel without the knowledge of the Iranians. There is a complex network of links. Hizballah cannot embark on any such initiative without Syria, and Syria cannot take such a step without Iran's approval. All that was done through German mediation. As is well known, Germany has good relations with the Iranian Government.

[Qallab] Was the Israeli Government aware of all that?

[Al-As'ad] Yes, certainly.

[Qallab] There have been rumors that Israel might carry out a unilateral withdrawal of its forces from southern Lebanon. Is that possible?

[Al-As'ad] Current Prime Minister Binyamin Netanyahu and former Israeli prime ministers have emphasized that Israel does not covet even an inch of Lebanese territory in the south or anywhere else. The issue is one of security for Israel's northern borders. Therefore, if Lebanon, with Syria's support and approval of course, undertook to prevent any encroachment on the northern borders of the state of Israel, I imagine that such a withdrawal would become a strong possibility.

I believe that if an agreement on such a step is reached with Lebanon and Syria it would constitute a good start for clearing the air between Syria and Israel and between Israel and Iran. But, at any rate, what is important is that the security of the Israeli settlements in northern Israel should be guaranteed.

[Qallab] Do you believe that an Israeli withdrawal from southern Lebanon would be a prelude to a similar withdrawal from the Golan Heights?

[Al-As'ad] I cannot be certain on that point but what I can say is that Israeli Prime Minister Netanyahu told the Americans on his recent visit to the United States that he was ready to resume negotiations with the Syrians without any preconditions. What is certain is that any agreed withdrawal from southern Lebanon would be a step forward toward solving the Golan problem.

[Qallab] But Netanyahu based his election campaign on nonwithdrawal from the Golan.

[Al-As'ad] Yes, Netanyahu based his campaign on that in the recent elections but we must not ignore the fact that electioneering slogans end with the elections and that those who run for election change when they are in power and in a position of responsibility.

For example, former Israeli Prime Minister Menachem Begin used to say that Jordan has two banks and that both are ours, but now there is a comprehensive and full recognition by the Israeli people and the Israeli Knesset that the Jordanian state is a fully independent and sovereign state and that Israel has no ambitions in that state now or in the future. This means that Israel did back down from previous positions taken by former prime ministers. Here we should remember that Moshe Dayan used to say that he preferred Sharm al-Shaykh to peace. The same could apply to what Netanyahu is now saying about the Golan and other things.

As I said, what is said during election campaigns ends with the elections. You probably recall that in the recent election campaign Netanyahu fiercely attacked Yasir 'Arafat and emphasized that his government would not carry on with what the former government was doing, but everything has changed and the new foreign minister in the government has met and shaken hands with the head of the [Palestinian] National Authority,

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and the prime minister himself is saying that his government will follow the Peres government's steps on the agreements concluded with the Palestinians and Arabs. I believe, in fact I am sure, that a meeting between Netanyahu and 'Arafat will be held in the near future.

[Qallab] Do you mean that withdrawal from the Golan would take place if Israel's security requirements were fulfilled?

[Al-As'ad] I cannot say specifically what will happen in this connection but I can say that I heard from the Israeli prime minister that everything is negotiable between the Israelis and the Syrians.

[Qallab] Do you not believe that the purpose of all the flexibility shown by Netanyahu after his return from the United States was to ease the recent international pressure on Israel?

[Al-As'ad] I believe that the opposite is true. I believe that Netanyahu's positions are frank and clear. We heard something like that from Egyptian President Husni Mubarak after the Israeli prime minister's visit to Cairo. What you should know is that Netanyahu realizes that it is impossible to stop the peace process and that military solutions to outstanding problems are no longer possible. You should, therefore, expect him to surprise the world with unexpected moves in the peace process, whether at the level of the Palestinian question or the other pending issues between Israel and the Arab world.

[Qallab] Do you believe that the Likud would form a government of national unity if the current coalition failed?

[Al-As'ad] A government of national unity is nothing new to the Likud. You know that it joined the Labor Party in a government of national unity as far back as 1977 and until 1992. That is why such a thing would not be strange.

[Qallab] But my question is: Is there a possibility of the present government being dissolved and a government of national unity being formed?

[Al-As'ad] Yes, that is very possible and it would depend on new internal developments in Israel and on Arab-Israeli relations.

[Qallab] As adviser to the prime minister on Arab affairs, do you think that Netanyahu intends to withdraw from Hebron?

[Al-As'ad] The prime minister has said specifically that he will abide by all the agreements concluded between the Palestinian National Authority and the former Israeli Government. On the question of Hebron, he described the security complications in that city as a minefield and said that the mines should be disarmed as a first step. I believe that withdrawal from Hebron is a must.

[Qallab] When will President 'Arafat and Netanyahu meet?

[Al-As'ad] It was Netanyahu who sent the foreign minister to meet with 'Arafat. Netanyahu has also told the Foreign Affairs and Security Committee that he would meet with 'Arafat soon. There is continuity with the Oslo agreements. All its articles will be implemented.

[Qallab] Were you appointed to this position for reasons related to you personally or as a representative of the Arabs in Israel?

[Al-As'ad] I am in this position as a representative of the Israeli Arabs. You should know that Netanyahu is a "liberal" and he lived and grew up in a democratic atmosphere. That is why he sees the Arabs as citizens with the same rights as the Jews.

[Qallab] The Likud Party promised before the recent elections that it would have one or more Arab ministers in its cabinet.

[Al-As'ad] Election promises disappear with the elections. Netanyahu had promised me a ministerial post in his cabinet but certain considerations pertaining to the ruling coalition prevented the fulfillment of that promise.

[Qallab] Does this mean that Netanyahu broke his promise under pressure from the extremists in his government?

[Al-As'ad] No, on the contrary, Netanyahu is not the kind to give in to pressures.

[Qallab] In your view, has the position of the Israeli Arabs been strengthen or weakened after the recent elections?

[Al-As'ad] The Arabs got more seats in the Israeli Knesset in the recent elections but their political influence has declined because of the new method of electing the Israeli prime minister.

[Qallab] Is there any coordination between you and the Arab members of the Israeli Knesset?

[Al-As'ad] Of course, and I am keen on such coordination and believe that Arab interests require that we overcome all political contradictions and agree on one objective, which is serving the interests of the Arabs in Israel and pushing toward completion of the peace process.

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Jordan: Crown Prince Sends Cables of Condolences to Clinton, Gore

JN2707175896 Amman Jordan Television Network in Arabic 1700 GMT 27 Jul 96

[Announcer-read report]

[FBIS Translated Text] His Highness Crown Prince Hasan, the regent, sent cables to both U.S. President Bill Clinton and U.S. Vice President Albert Gore, offering condolences in regard to the victims of the bombing in Atlanta today.

His highness the crown prince offered condolences on behalf of the Jordanian Government and people to the families of the victims, denouncing this ugly criminal act.

Jordan: King Husayn Returns Home, Comments on Europe Visit

JN2907184096 Amman Jordan Television Network in Arabic 1700 GMT 29 Jul 96

[Announcer-read report over video]

[FBIS Translated Text] With God's care and protection, Their Majesties King Husayn and Queen Nur returned home this evening after a private visit to Switzerland and the United Kingdom. His Majesty King Husayn was received by His Highness Crown Prince Hasan, Her Highness Princess Tharwat, Her Highness Princess Basmah, and their royal highnesses the princes and princesses. Also at hand to receive his majesty were the prime minister, the House of Representatives speaker, his majesty the king's advisers, the ministers, a number of senior civil and military officials, and the heads of the Swiss and British diplomatic missions in Jordan.

Upon his arrival, His Majesty King Husayn spoke to our correspondent Kassab Samawi.

[Begin recording] [Samawi] First of all, welcome back. How are you feeling?

[Husayn] Praise be to God, I am feeling very well. Praise be to God.

[Samawi] Everyone was interested in the numerous telephone calls from Arab leaders who wanted to be reassured about your health. What do you think about this?

[Husayn] Actually, I am very grateful and appreciative of all these calls, which were really touching. I am grateful to all those who made these calls.

[Samawi] What is your vision regarding developments in the region in light of these extensive Jordanian contacts, and what will your moves be in the next stage?

[Husayn] You will hear about them very soon, God willing.

[Samawi] Despite all the international warnings and efforts, terrorism has reached the Olympics in Atlanta. In your opinion, what are the next steps to end these operations?

[Husayn] We have a clear stand on terrorism, wherever it may occur. Actually, terrorist incidents are extremely regrettable and painful. This leads us to talk about the plane that crashed. I do not think that anyone can consider those responsible for planning such a crime as human beings. They are people devoid of humanity, ethics, and conscience.

Regarding the Olympics, the incident there was, in every sense of the word, a crime against the entire world, against civilization, and against mankind. In any case, terrorism is terrorism, wherever it may occur and whether its internal or external.

[Samawi] Thank you, sir. [end recording]

Jordan: Kissinger Reportedly Makes 'Secret' Visit to Jordan

JN3007105096 Abu Dhabi AL-ITTIHAD in Arabic 28 Jul 96 p 1

[FBIS Translated Text] London—AL-ITTIHAD learned from informed sources that Henry Kissinger, former U.S. Secretary of State, paid a secret visit to al-'Aqabah last week and met with a number of Jordanian officials.

The sources said the objective of the visit was to search for mechanisms to advance the peace process on the Syrian-Israeli track. The sources added that Jordan conveyed the U.S. Administration's views to Syria through diplomatic channels and that it is still waiting for a reply to be discussed with the Israeli prime minister during his expected visit to the Jordanian capital this week.

Jordan: Source Denies U.S, UK, French Charges on Libya Sanctions

JN2607120296 Amman AL-DUSTUR in Arabic 26 Jul 96 pp 1, 20

[FBIS Translated Text] Amman— Commenting on a document the United States, United Kingdom, and France submitted to the chairman of the UN Sanctions Committee accusing Jordan of failing to comply with the UN embargo imposed on Libya and of keeping the Libyan Airlines offices in Amman open, a Jordanian responsible source said that so far the government has not received the text of this report. The source pointed out that Jordan is among the first states to abide by international legitimacy and UN resolutions.

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The United States, United Kingdom, and France broadcast on the evening of 24 July the names of eight countries saying that they did not abide by some of the UN sanctions imposed on Libya. These states include Egypt, Lebanon, Jordan, and Yemen.

In a letter to the Security Council committee charged with monitoring the sanctions on Libya, the three western powers said that although all states were required to reduce the number of Libyan diplomatic mission staff abroad, the number of Libyan diplomats has actually increased since 1993 in Beirut, Sanaa, Bamako, Bangui, Beijing, and Ndjamena.

The letter adds that the sanctions forbid the Libyan Arab Airlines from operating. However, its offices remain open in a number of cities, including Amman and Cairo.

Jordan: Al-Mu'ashshir on Foreign, Domestic Policies

JN2707150496 Amman AL-ASWAQ in Arabic 27 Jul 96 p 3

[Interview with Information Minister Dr. Marwan al-Mu'ashshir by Nasir' Arif in Amman; date not given]

[FBIS Translated Text] ['Arif] Judging from the statements made after Netanyahu's visit to the United States, it seems that this visit failed to convince the Israeli Government to change its hardline position on resuming the negotiations. While the Israeli Government still refuses to withdraw from Hebron as stipulated in the Oslo agreement, Jordan continues to be optimistic. How do you see the future of the region in view of this fact?

[Al-Mu'ashshir] Our optimism stems from realities and facts that have been firmly established on the ground. We also proceed from rational positions that underscore the fact that no one can ignore or reverse the accomplishments made so far any longer. The beginning was at the Madrid conference, at which all the parties, including Israel, agreed on the terms of reference as represented in the land-for-peace principle and international legitimacy resolutions. During his recent visit to Cairo, Netanyahu reiterated Israeli's commitment to the Madrid conference as the terms of reference.

In being optimistic, we proceed from the commitment made by the international community to support the peace process and the accomplishments made so far and to extend economic aid to the parties concerned, particularity to the Palestinian side, which has succeeded in creating facts on the ground. This includes redeployment in the West Bank, the legislative elections, President 'Arafat's return to Gaza, and the establishment of the Palestinian Authority. All of these are added to the great accomplishment: the conclusion of the irreversible Jordanian-Israeli treaty.

While I am on this subject, let me say that Mr. Netanyahu is the elected Israeli prime minister who will remain in office for the next four years, regardless of the fact that the government has changed. Therefore, the Arabs have to make a choice in dealing with Netanyahu. They can either announce the suspension of the peace process, and thus force Netanyahu to take adamant positions; or they can reaffirm their commitment to the peace process in accordance with the Madrid conference as terms of reference—which is what happened during the Cairo Arab summit—and thus help approximate viewpoints between us and the Israeli Government and resume the negotiations. These negotiations will eventually bring about a change in the Israeli position.

['Arif] The Cairo Arab summit was held to affirm the Arab commitment to the peace process. But would it not have been better if there were an agreement on a unified mechanism to deal with Israel if it decides to go back on the peace process?

[Al-Mu'ashshir] We believe that there is no alternative to a peaceful solution to the Arab-Israeli conflict. This is a decision that all Arab states made at the summit. It is also a decision that Israel and the international community made. Therefore, there is no alternative to resolving the conflict except by peaceful means as agreed in Madrid. This is why all of the efforts should be directed toward advancing the peace process and resuming the negotiations.

['Arif] Did the Jordanian-Syrian contacts during the Arab summit or those made through diplomatic channels contribute to bringing closer together the two sides' viewpoints on the peace process?

[Al-Mu'ashshir] The meetings contributed to a real detente in Syrian-Jordanian relations. However, this does not mean that viewpoints on all issues are now identical. There are problems and differences in viewpoints on some issues, whether in the security field or the peace process strategy.

We in Jordan want to build new relations with the brothers in Syria based on mutual respect for the interests of both sides, and we want to achieve a coordination that takes these interests into consideration without necessarily having identical viewpoints on all issues.

['Arif] What about His Majesty the king's scheduled visit to Syria?

[Al-Mu'ashshir] A date for this visit has not yet been set, but I believe it will be soon.

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['Arif] Jordan is showing its willingness to utilize its unique relations with Israel to bridge the gap in Arab-Israeli views. However, there are people who view these unique relations as shameful to Jordan within the framework of inter-Arab relations. What is your response to this?

['Al-Mu'ashshir] We do not consider the uniqueness of these relations as shameful. There are facts we should take into consideration when we talk about this. The relations Jordan is trying to build with Israel have never been at the expense of its relations with Arab countries. Any observer will see that our relations with these countries are now much better than they were when we signed the peace treaty with Israel. This proves that we are adopting a balanced policy, which says that our relations with Israel and Arab countries are not at opposite ends, and they do not necessarily have to be at the expense of each other.

Furthermore, Jordan does not believe in signing treaties just for the sake of signing. An atmosphere should be created to allow the citizens to feel the benefits of peace. We do not want negotiations for the sake of negotiations or for the sake of signing agreements.

If these agreements are not employed to serve the Jordanian citizen, in which there would be economic activity and cooperation in the fields that would enable us to reap the fruits of peace, then the peace process will be devoid of its contents. Since the beginning, Jordan called for peace based on cooperation among all countries of the region and, of course, with the need for this peace to be comprehensive so that it will last and be enjoyed by everyone.

['Arif] In more than one press statement, you noted Jordan's willingness to bridge the gap in Arab and Israeli viewpoints. What will you benefit from this?

[Al-Mu'ashshir] First, during the past few days and as part of Jordan's extensive efforts, the prime minister visited Cairo and listened to the Egyptian and Syrian viewpoints on the peace process. He took this with him to Israel, where he met with Prime Minister Netanyahu. This has yielded positive statements during the Israeli Prime Minister's visit to Cairo on Israel's commitment to the Madrid terms of reference. However, we will not be satisfied with just this. Indeed, we will continue our diplomatic efforts to achieve more progress that will pave the way for a suitable basis to resume the negotiations as soon as possible.

Jordan is ready to respond to requests from Arab brothers to bridge the gap in viewpoints with Israel. If any country wants to utilize Jordan's credibility to bring its viewpoint closer with Israel's, we are willing to do so. However, we do not want to play a role we are not asked to play so that no one can say that we are interfering in domestic affairs.

['Arif] Citizens should feel the dividends of peace. Otherwise, this peace will be devoid of any content. One notices that the citizens have not felt the dividends. In your opinion, what are the reasons for this?

[Al-Mu'ashshir] Peace dividends do not come without persistent efforts. The sky, as they say, does not rain money. We seriously work not only to establish a propitious political atmosphere but also a propitious economic atmosphere. From this premise, we amended several investment laws to attract foreign investments and joint regional projects that will benefit the region. Many projects being launched in Jordan would not have materialized without an atmosphere of peace. These projects include an oil refinery in al- 'Aqabah, the Qatari gas project, the project for exploiting the Dead Sea salts, the joint airports at al-'Aqabah and Elat, and other major projects from which Jordan will benefit but not in the immediate future.

['Arif] In spite of the unique Jordanian-Israeli relations, there are Israeli violations of the provisions of the peace treaty with Jordan. Where exactly do we stand on this?

[Al-Mu'ashshir] First, the conclusion of the treaty with Israel does not mean that all the problems were solved. This is not the case. Some of these problems surface from time to time. They are problems we try to solve. Yes, there is a problem now with the implementation of the provision on giving Jordan 50 million cubic meters of water. We try to settle the issue with Israel. There are other problems, some of which deal with the economic agreement. We also do our best to settle them in a serious and committed manner.

['Arif] Information that was leaked after the Arab summit says that Jordanian-Kuwaiti relations suffered a setback. Is this true?

[Al-Mu'ashshir] I do not believe this is true. I believe these relations are moving in the right direction, and the date for their official resumption is left to the Kuwaiti brothers in view of their circumstances.

I reemphasize that Jordanian-Kuwaiti relations did not suffer any setback. On the contrary, the general atmosphere now is as positive as can be. Jordan's relations with the Gulf countries have greatly improved, and nothing worries us in this respect.

['Arif] The tripartite Cairo summit agreed to form a ministerial committee made up of Jordan, Egypt, and the Palestinian Authority. What actions has this committee taken, so far?

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[Al-Mu'ashshir] The committee was formed of the foreign ministers of the three countries to work out a mechanism for coordination not only with what has to do with the peace process but with future summit level meetings. The committee has not met, as yet. However, I believe it will meet soon.

['Arif] Do you believe the recent explosion in Saudi Arabia is the beginning of extremist acts in the region against the determination of most Arab countries to resume the peace negotiations?

[Al-Mu'ashshir] The Al-Khubar explosion indicates the need to fight all forms of terrorism. The Arab summit stressed this issue, as well as noninterference in the domestic affairs of the Arab countries. These acts should not be ignored any more, and the Arab countries should work out a mechanism and coordinate to prevent such acts.

['Arif] What about reports that the Jordanian Government's position toward Iraq has changed after the oil-for-food deal?

[Al-Mu'ashshir] The oil-for-food deal does not govern Jordanian- Iraqi relations. We have asserted that we separate economic relations from political ones. You know that Jordan participated in formulating Resolution 986, and that is why we welcomed Iraq's agreement to apply it because it will ease the suffering of the Iraqi people. However, we still have differences with the political leadership in Iraq.

['Arif] How do you view the mechanism of change in Iraq?

[Al-Mu'ashshir] We believe that this mechanism should come from the Iraqi people as it is purely an Iraqi affair. Once again, I say that our position has not changed, or that we now want what we did not want in the past. Our position is clear and firm in this regard.

['Arif] How do you view Jordan's relationship with the Palestinian Authority [PA] in light of the subsiding talk on outstanding problems between the two sides?

[Al-Mu'ashshir] Jordan's relations with the National Authority is at its best. Both sides had some differences about Hamas but managed to overcome them. I have repeatedly said that Jordan supports the final-status negotiations to solve the Palestinian- Israeli dispute. This role, however, is not an alternative to that of the Palestinian side, and Jordan is not a party in these negotiations. All of this helped create a special relationship with the PA, as well as close coordination in the past.

['Arif] Despite the special relations you have just mentioned, we notice the lack of confidence between the two sides. What is your comment?

[Al-Mu'ashshir] We have a clear-cut position toward all issues, including the Jordanian role, about which some people in the West Bank are talking. We also defined our position toward Hamas, and Jordan announced it does not deal with any Palestinian organization other than the PLO. We believe that the Palestinian brothers know this well. So, I can say that our relations are at their best.

['Arif] The government focuses on internal issues. How do you assess the government's performance over the past months?

[Al-Mu'ashshir] Everyone knows that this government has had to make difficult decisions that greatly contribute to administrative, financial, and economic reforms. The government made large strides in this regard, although they often were not popular, such as the increase in bread prices. This was a difficult decision, but necessary for the creation of economic self-reliance. I believe that the Jordanian people now understand this issue.

The government made other decisions on the corruption problem, on combating smuggling, and other issues. Over the past five months, the government made some achievements at the internal level. However, we are still suffering from an economic crisis. We still have a long way to go to improve our economy. However, I can say that the government is proceeding in the right direction and that it began to make the decisions that will contribute to changing the current situation.

['Arif] You spoke about measures to combat corruption. Can you give us details?

[Al-Mu'ashshir] A department on combating corruption was established under Major General Samih Binu. It has managed to discover cases of corruption in the administrative field and in issues related to smuggling operations. We are fully confident that the message the government wanted to send to the corrupt people inside or outside the government has been conveyed and that the administrative performance has made great progress compared with past performance.

Despite all of this, there is no government that can eradicate corruption in several months or years because corruption is always there. However, what counts is that the government is serious about combating it, and it will bring anyone, whoever he is, to justice. Since we talk about corruption, I should note that we managed to seize more smuggled drugs over the past five months than what we seized before in 25 years. This also applies

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to sheep smuggling and the cases of administrative corruption that were referred to court.

['Arif] What about reports on a cabinet reshuffle?

[Al-Mu'ashshir] There is no intention at all to have a cabinet reshuffle at this time.

Jordan: Germany To Provide JD22m Loan for Sewage, Water Projects

JN2707112296 Amman JORDAN TIMES in English 27 Jul 96 p 3

[FBIS Transcribed Text] Amman (Petra)—The German government has approved the provision of DM45 million (nearly JD [Jordanian dinars] 22 million) in soft loans to Jordan this year, according to an announcement Thursday upon the conclusion of talks between Jordanian and German officials in Bonn.

Two-thirds of the loans are intended for the provision of water and construction of sewage systems, and the remainder will be used towards the financing of the al-'Adasyah-Dayr Allah water pipeline project in the Jordan Valley, according to the announcement.

Ministry of Planning Secretary General Nabil al-'Ammari said Germany has agreed to allocate an additional DM12 million (JD 5.72 million) in technical aid to Jordan to support several projects, in particular the development of the eastern coast of the Dead Sea to serve as a tourist region.

The announcement said the German government promises to allocate further funds for Jordanian regional projects next year, to offer Jordan 10 university scholarships in 1997, and to increase cooperation programmes between German and Jordanian universities, and has preliminarily approved the partial financing of Jordanian agricultural and vocational training programmes planned for next year.

Germany has also promised to provide assistance to the Kingdom to help it carry out its economic reform programme and to continue helping Jordanian development projects which it deemed vital for ensuring the continuation of the peace process, according to the announcement.

Germany agreed to consider a request by Jordan to write off part of its debt. The request was made saying that 50 percent of the money owed to Germany is used to endorse environmental and social projects in order to deal with the problem of poverty in the country, said the statement.

Jordanian officials also asked their German counterparts to consider Amman's demand for an increase in agricultural exports to the European Union, and Germany said that it will back Jordan in order for it to achieve its goal.

The German embassy in Amman said that the Bonn talks which started on July 21 are part of the annual review of German-Jordanian cooperation process.

Jordan: Jordan Denies Role in Iraqi Coup Attempt

JN3007081096 Amman JORDAN TIMES in English 30 Jul 96 p 1

[By Mirvat Suwadah]

[FBIS Transcribed Text] Amman —Jordan denied Monday [29 July] that it had any role in an alleged plot to topple the Iraqi regime and reiterated that it "does not intervene" in Iraq's internal affairs.

"Jordan has never been involved in any plot to topple the Iraqi regime or assassinate the Iraqi president, I categorically deny this," Minister of Information Marwan al-Mu'ashshir told an informal press briefing Monday.

Dr. al-Mu'ashshir's comments were in reaction to a statement made by an Iraqi opposition leader in which he accused the United States, Jordan and "another country in the region" of plotting to overthrow the regime of Iraqi President Saddam Husayn.

Muhammad Baqir al-Hakim, president of the Supreme Council for the Iranian-based Islamic Revolution in Iraq (SCIRI) said 25 to 30 Republican Guards officers were executed after the Iraqi authorities uncovered the plan.

"The American Central Intelligence Agency (CIA) did not move in a determined and loyal manner, despite its expressed desire for changing the situation in Iraq," Mr. al-Hakim said in a Reuters report.

"Some 150 officers from the Republican Guards have been arrested of whom 25 to 30 were executed in mid-July," he was quoted as saying.

He reportedly accused the CIA of working only to achieve its own goals and interests even if that led to bloodshed and the disclosure of people working with it.

Mr. al-Hakim did not say who made the coup attempt but Reuters quoted what it called SCIRI sources as saying Washington had paid $5 million to Iyad 'Alawi, leader of the Iraqi National Accord, which is based in Jordan, to try to topple President Saddam.

SCIRI sources said Mr. al-Hakim had been aware of the attempt but did not want to become involved due to doubts about its chances of success.

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Jordan: PLO's Qaddumi—Leadership 'No More Trusts' Israeli Stand

JN3007102096 Amman JORDAN TIMES in English 30 Jul 96 p 12

[FBIS Transcribed Text] Amman (J.T.)—A senior Palestine Liberation Organisation (PLO) official Monday [29 July] expressed deep concern over the stalemate in the Middle East peace process and Israel's failure to implement the Oslo agreements calling on the Arab countries to unify their stands in the face of the new Israeli government's hardline policies, the Jordan News Agency, Petra, reported.

Speaking after a meeting with Prime Minister 'Abd-al-karim al-Kabariti, the head of the PLO's political department, Faruq Qaddumi, said that the Palestinian leadership "no more trusts in Israel's stand because it has reneged on its commitments in the Oslo agreements and because it has been continually imposing closures and sieges on Arab areas of Palestine."

Referring to the meeting with Mr. al-Kabariti, Mr. Qaddumi said: "The meeting was one among brothers who have common interests and face a common destiny."

"In the meeting we discussed how we can protect the peace process and the principles on which it has been based especially in the wake of the recent developments in Israel and the emergence of the Likud-led government and its announcement of its political programme," Mr. Qaddumi said in a statement to Jordan Television.

"The other point discussed at the meeting was how we can enhance collective Arab action in conformity with the resolutions of the Cairo Arab summit and how to find common ground for joint Arab action in the future," Mr. Qaddumi added. He said that issues of common concern were reviewed and the two sides agreed on pursuing contacts concerning the peace process and the joint Arab action.

In reply to a question, Mr. Qaddumi denied that he was involved in a process of mediating between the various Palestinian factions or seeking to reconcile the Damascus-based groups with the PLO.

"It is my duty to contact all Palestinian political factions at this stage in order to create Palestinian consensus so that we can proceed in the peace process on clear and sound bases," added Mr. Qaddumi.

Palestine Ambassador to Jordan 'Umar al-Khatib attended the meeting of Mr. al-Kabariti and Mr. Qaddumi.

Jordan: Al-Kabariti on Israel, Peace, Arab Ties

JN2707173796 Amman AL-DUSTUR in Arabic 27 Jul 96 pp 1, 20

[Interview with Jordanian Prime Minister 'Abd-al-Karim al-Kabariti by Nabil al-Ghazzawi, in Amman; date not given]

[FBIS Translated Text] [Al-Ghazzawi] Mr. Prime Minister: Why was Israeli Prime Minister Binyamin Netanyahu's visit to Jordan postponed, and are there any new steps or new Jordanian proposals that will be communicated to Netanyahu as soon as a new date is set for his visit to Jordan? What is your opinion on the contradictory Israeli statements that are made every now and then on the future of the peace process? Do you believe they are merely test balloons to sound out the intentions of the Arabs and the world, and will they lead to the peace process as was endorsed by the Madrid conference, to which the entire world agreed?

[Al-Kabariti] The visit was postponed for purely technical reasons having to do with the schedules of both sides. However, the visit will take place within a very short time of the original date set for it. As for what will be proposed to the Israeli prime minister, we will present the Arab position on the peace process which abides by the basic principles of the Madrid conference, including UN Resolutions 242 and 338 and the land-for-peace formula; which is committed to all that was thus far agreed on and accomplished throughout the peace process; and which attaches utmost importance to the resumption of the negotiations on all tracks because this is the principal and logical step that shows that all the parties concerned are committed to the fulfillment of their pledges, respect what was thus far accomplished, and intend to preserve these accomplishments.

As for the Israeli statements, whether they are contradictory or not, what concerns us is what has been accomplished on the ground in line with the basic principles of the peace process, to which everyone agreed.

[Al-Ghazzawi] Do you think the Israeli prime minister's positions are more flexible now after the Arab summit and the adoption of unified Arab positions vis-a-vis the new Israeli policy?

[Al-Kabariti] I believe that the active and effective Jordanian efforts in coordination with our brothers in Egypt and Syria, and my visit to Tel Aviv on the eve of the Israeli prime minister's visit to Cairo played a part in approximating viewpoints. This reflected on Netanyahu's statements in Cairo. President Mubarak described these statements as satisfactory, and said he hopes that the peace process will continue. Indeed, Netanyahu did make positive statements in Cairo.

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[Al-Ghazzawi] Do you believe that the United States is being indecisive regarding the peace process in view of the upcoming elections, and do you believe that the present U.S. Administration, if it succeeds, will maintain its current position which supports Israel's prime minister on the basis of his party's policies?

[Al-Kabariti] We neither underestimate the U.S. role as a sponsor of the peace process, nor its efforts to achieve what has been achieved so far in the peace process that was launched in Madrid. I believe that progress in the peace process hinges mainly on the positions of the parties concerned in the region, which we believe are positive. We hope they will continue to be positive because everyone knows that there is no other alternative to peace in the region.

[Al-Ghazzawi] Your excellency, as usual, you were eager to participate in meetings that were recently held in Cairo, meetings also attended by the Syrian and Egyptian foreign ministers. Will you tell us about the results of these meetings and about your recent contacts with Saudi Foreign Minister Prince Sa'ud al-Faysal? Were the viewpoints of Jordan on the one hand, and Syria and Egypt on the other, identical?

[Al-Kabariti] My meetings in Cairo were aimed at coordinating the various positions. Jordan supported and continues to support the Arab nation. It also supports coordination of Arab positions on crucial issues. My meetings in Cairo resulted in an Arab position that I communicated to the Israeli prime minister. This position stresses the need to resume the negotiations on the various tracks on the basis of the terms of reference agreed by all: the Madrid conference. This Jordanian effort led to positive results that reflected positively on Binyamin Netanyahu's recent statements.

[Al-Ghazzawi] Mr. Prime Minister: The issue of a confederation between Jordan and Palestine is frequently raised. What is Jordan's stand on this proposal? What is the Palestinian point of view?

[Al-Kabariti] Jordan supports the Palestinian brothers to enable them to establish their rights on their national soil through the peace process under the PLO—their only, legitimate representative. It is premature to discuss the future of the Jordanian-Palestinian relationship or to define a specific framework for it. The important thing now is to support the Palestinian brothers in their negotiations on the final status of the Palestinian territories so that they can eventually exercise their right to self-determination on their national soil.

[Al-Ghazzawi] Mr. Prime Minister: You waged a battle, which I believe was successful, in lifting the bread subsidy. Do you believe that the mechanism for paying cash compensation for citizens is ready? Is there a government intention to lift the sugar, rice, and powdered milk subsidies if your measures prove successful?

[Al-Kabariti] First, we did not lift the bread subsidy. Rather, we rearranged the mechanism of subsidizing wheat, of which bread is a byproduct. The new mechanism prepared by the government aims at rechanneling subsidies to go to those who need them and to stop waste in this material whose international prices are constantly increasing and part of which is used as animal feed. This costs the state budget a great deal of money in hard currency.

The subsidy will be paid in the form of allowances for civilians and military employees and retirees. The government will provide about 250,000 needy citizens with bread free of charge. Those citizens receive aid from the National Aid Fund. The rest of the citizens can obtain the difference in prices from any nearby bank. When the bread prices are increased, we will not be putting any extra financial burden on any of the 4.1 million Jordanian citizens. Every citizen will receive the difference in prices, which is 165 fils per 1 kg, for the best brands of bread. I believe there will be other brands of bread made of different ingredients that might be sold at less than 250 fils. This would mean additional government support for citizens. The government has also increased its aid for the poor and will constantly supply them with bread free of charge. This is a good precedent in the region. As for the other basic food supplies, the government is not considering lifting the subsidies on them.

[Al-Ghazzawi] It is said that the IMF is exercising pressure to have the bread subsidy lifted. Otherwise, Jordan will not receive $1 billion in aid and loans. How true is that?

[Al-Kabariti] The role of the IMF is to coordinate and recommend facilities and loans by states and other parties. We cannot expect any party to recommend facilities or grants to any state that does not help itself. We have been greatly successful in our economic reform program, and this will reflect positively on our economy and, consequently, on the individual's income and standard of living.

[Al-Ghazzawi] Through your successful diplomacy, your esteemed government managed to restore the brotherly relations with some sisterly Gulf states, with the exception of Kuwait. What has caused this rupture to persist? Are there Kuwaiti demands from Jordan? If so, what is Jordan's stand on them?

[Al-Kabariti] We in Jordan are eager to promote our relations with all our brothers in the Arab world. Our

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hand is extended to everyone with good intentions for the common Arab good, which is in the interest of each Arab country. Our efforts to restore relations with sisterly Kuwait have been fruitful. Restoring the past excellent relations now depends on internal Kuwaiti affairs. We are satisfied with the level of the current relations. We hope to enhance and consolidate them in the future.

[Al-Ghazzawi] Jordan and Syria managed to arrive at a temporary reconciliation through the Cairo summit. Do you believe that Jordan and Syria will return to the track leading to a final reconciliation? Has a date been set for His Majesty King Husayn's visit? Will you pay a preparatory visit, and when?

[Al-Kabariti] Contacts with the brothers in sisterly Syria are continuing. We are hopeful that we have made good progress in the efforts to remove the causes of tension, so that both countries' stability can be enhanced.

His Majesty the king telephoned his brother his excellency President Hafiz al-Asad more than once. I also met with Syrian Foreign Minister Faruq al-Shar'. The results of those contacts were good. Regarding the visits, they are agreed upon. What remains is to agree on their dates. We hope that this will take place very soon.

[Al-Ghazzawi] Mr. Prime Minister: The lines of communication between Baghdad and Amman are still severed. Is there any intention to restore these lines, or does Jordan believe that the time is not ripe yet? Are there any contacts through third parties to bring the viewpoints closer?

[Al-Kabariti] Our lines with the fraternal Iraqi people are still intact, and the commercial line between the two countries is still open. Jordan is the lung with which the Iraqi people are breathing under the embargo. We fulfilled our duty by giving support and by urging an end to the suffering of the people. As regards the Iraqi leadership, our position is in harmony with the collective Arab position, which calls for implementing and abiding by the resolutions of international legitimacy in order to expedite an end to the embargo imposed against fraternal Iraq and enable Iraq to return to the Arab ranks and the world community.

[Al-Ghazzawi] Are there any Jordanian efforts to stop settlement activity in the occupied territories? What is your reaction to the U.S. Congress decision that approves moving the U.S. Embassy to Jerusalem?

[Al-Kabariti] We have always underlined our position on the issue of Palestinian rights and the international resolutions, which are the basis of the peace process that was launched in Madrid. In the Oslo Agreement, the Palestinian brothers agreed with the Israelis to postpone the discussion of the issue of settlements to the final-status negotiations. We support their endeavor to achieve their goals on their Palestinian land. As regards the future of Jerusalem, it will be decided by the parties concerned with this issue. No state has ever decided what the capital of another state or people should be.

[Al-Ghazzawi] Mr. Prime Minister: What about the Iraqi opposition in Jordan? Is it true that they are planning to topple the Iraqi regime with the support of the United States, Saudi Arabia, and Kuwait? What is your reaction to these reports that were published recently by the U.S. press?

[Al-Kabariti] Sir, the Iraqi opposition does not exist only in Jordan. Iraqis who left Iraq are in most of the other Arab states. We cannot prevent anyone from expressing his opinion. However, we will not allow any operations or aggressive acts against any sisterly state to be launched from our territory. We do not want anyone to interfere in our domestic affairs, and we will not allow anyone to use our territory to interfere in the affairs of others.

[Al-Ghazzawi] Mr. Prime Minister: Officials in Hamas [Islamic Resistance] Movement and the Islamic Action Front say there are arrests because of political backgrounds in Jordan. How do you react to that?

[Al-Kabariti] As I said, freedom of expression is protected by the constitution. However, agitation is against the law, and there are laws that apply to any violation. There are no instructions to arrest members of this or that group. There is law that applies against individuals who commit specific violations and crimes.

[Al-Ghazzawi] Mr. Prime Minister: How do you describe Jordanian-U.S. ties? As a defense minister, how do you view the recent joint Jordanian-U.S. exercises in Jordan? Do you have any intention to continue such exercises?

[Al-Kabariti] We have ties of friendship with the U.S. Administration. The U.S. Administration has an important role to play in the peace process, and it is in our interest to have strong ties in order to employ them in the service of the other Arab tracks of the peace process. As regards the exercises, their purpose is to train our armed forces on the use of new types of weapons and to improve their combat ability. The United States conducts exercises with most of the armies in the region and in several countries in the region.

[Al-Ghazzawi] The Jordanian community in the United States is eager to hear news on incentives for investment in the homeland. Does your government plan to provide any such incentives? Also, expatriates are demanding a ministry in your government to look after their affairs

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and interests? Does your excellency plan to introduce any amendments?

[Al-Kabariti] We are doing our best to accelerate the process of peace-building. Jordan arrived at peace with Israel and it hopes that peace can be achieved soon on the other Arab tracks. We in Jordan started the process of peace-building and began to make an economic recovery. We seek to ease measures, encourage investment, and complete and enhance the infrastructure. A number of laws to encourage investment have been approved. We hope this will be enhanced when peace talks resume on the other tracks and when measures that will be satisfactory to all people are achieved. Then the investment climate will be ideal. We in Jordan have traveled a good distance on this road. There was a record growth in investments in our country last year and this year. As for the request to introduce a ministry for Jordanian expatriates, I believe we will be doing them an injustice if we agree to such request because all of the Jordanian Government is in the service of the expatriates, who are our brothers and sons. We support you and look after your interests wherever you may be. We even give priority to the interests of the expatriates over those of the residents because the expatriates are the homeland's ambassadors and they never let it down.

Jordan: Ministry Denies Reports of Jerusalem Property Seizure

JN2807150096 Amman AL-URDUN in Arabic 27 Jul 96 p 2

[FBIS Translated Text] The Jordanian Ministry of Awqaf denied that an Israeli court decided to seize property that belongs to the Jordanian Government and its departments, including the Islamic Awqaf Department, which operates in occupied Jerusalem.

A London-based Arab newspaper said that the Israeli court made its alleged decision on 25 July in a lawsuit filed by some former employees of the Islamic Awqaf Department in Jerusalem. Before the Palestinian Authority assumed power, these employees worked for the Jordanian Ministry of Awqaf.

Rafiq al-Khatib, director of al-Aqsa mosque, told AL-URDUN that this news is false and baseless and that it might have been spread by the employees who filed the lawsuit against the Islamic Awqaf Department. Al-Khatib said: We contacted the awqaf officials in Jerusalem, who categorically denied this news. He added that the Israeli court is expected to issue its verdict in October.

After it assumed power in the self-rule areas, the Palestinian Authority sought to exercise its authority over the holy places and take over awqaf affairs in Jerusalem. This created tension between Jordan and the Palestinian Authority that is still having repercussions.

Jordan: Minister on Ties With PA, Netanyahu Visit, Jerusalem

TA2907185296 Gaza AL-HAYAH AL-JADIDAH in Arabic 26 Jul 96 pp 1, 19

[Interview with Dr. Marwan al-Mua'shshir, Jordanian minister of information, by Fu'ad Abu-Hijlah; place and date not given]

[FBIS Translated Excerpt] [Abu-Hijlah] How do you assess Palestinian-Jordanian relations at present, and how do you envisage the horizon of these relations in the foreseeable future?

[Al-Mu'ashshir] Jordanian-Palestinian relations have been very special throughout the long years because of the social bond and fabric between Jordan and Palestine. These relations have experienced stages of strain or tension, perhaps because of political circumstances, but I believe that these relations are at their best now. This is because the Jordanian and Palestinian sides feel that they are in the same boat, which is the peace boat. Moreover, they feel that the interest requires coordination and consultation between them. I also believe that there is a Palestinian conviction that Jordan has no ambitions in the West Bank and does not want a role in the negotiations about the final solution. This is a stance that Jordan expressed not only through statements but also to the Israeli side when the Labor Party government was in power, and also now after Netanyahu assumed power. We have also expressed this stance to the American side.

Therefore, I believe that Jordanian-Palestinian coordination in the upcoming stage will be real and fruitful.

[Abu-Hijlah] You always stress that Jordan will support the Palestinian Authority [PA] in the final stage talks. What will be the form and nature of this support?

[Al-Mu'ashshir] Jordan signed a peace treaty with Israel. This treaty has opened diplomatic channels that did not exist before. Moreover, this treaty contributed to enhancing Jordanian credibility not only in the region but also in various countries of the world. Consequently, Jordan can help in bringing the views closer and in putting forward the Palestinian viewpoint, which we support and totally agree with. I wish to give an example of this stance. When the issue of confiscation of Arab lands in Jerusalem was raised last year, Jordan had a large role in forcing the Israeli Government to freeze this decision. Jordan did so through the diplomatic channels that were opened after signing the treaty, the credibility that was gained by this measure, the

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immense interest that the Israeli Government attaches to Jordan's opinion in terms of putting forward the Arab viewpoint, and the ability to make the Israeli Government understanding that some issues represent red lines that must not be crossed. Just as we were able to contribute in freezing such a decision, we will also be able in the future to bring the views closer and work to make the Palestinian-Israeli negotiations easier and more convenient than they are now.

[Abu-Hijlah] Was anything specific raised with regard to the final stage talks during Jordanian Prime Minister 'Abd-al-Karim al-Kabariti's meeting with Binyamin Netanyahu?

[Al-Mu'ashshir] Until now there are no specific issues. We are still in the climate of rhetorical statements that is an extension of the Israeli election campaign. We want to emerge from this climate into another one — a climate of details epitomized by sitting at the negotiating table and raising issues in all their precise details. Until this happens, it is essential to create a positive climate that will help this kind of talk, not the climate created by Israeli Prime Minister Binyamin Netanyahu's statements in the United States.

The Jordanian move, "al-Kabariti's visit to Tel Aviv," falls within this context. I believe that we were able to begin creating an appropriate climate through Netanyahu's statements in Cairo. I believe that after Netanyahu's visit to Jordan, this process, as well as the creation of a positive climate, will be completed. Afterward, the peace process must be completed on all tracks, particularly on the Palestinian track.

[Abu-Hijlah] Do you expect Netanyahu's remarks in Amman to be similar to his remarks in Cairo?

[Al-Mu'ashshir] Certainly, we expect them to be so. We hope that the Israeli prime minister will adopt more positive stances. The important thing is the resumption of negotiations, because we cannot continue in this situation, especially on the Palestinian track. We are seeking concrete progress.

[Abu-Hijlah] There are questions about the Jordanian stance on Jerusalem. What is this stance, and is there a Jordanian desire to be present in Jerusalem in any form?

[Al-Mu'ashshir] The Jordanian stance on Jerusalem has been subjected to misinterpretation to a large degree, but I believe that we have passed this stage. I want to stress once again the essence of the Jordanian stance on Jerusalem.

As you are aware, Jordan maintained custody over the holy sites even after Israel's occupation of Jerusalem and the rest of the West Bank in 1967. This custody continued and did not cease. The Washington Declaration came to confirm this custody, not to create a new situation. Accordingly, Jordan feels that at least it was able to retain some part over which Israel refused — in the past and present — to give any kind of sovereignty to the Arab side, especially the Palestinian side.

In such a situation, Jordan believes that if it gives up custody of the holy sites in Jerusalem, this concession will not be in the interest of the Palestinian side because the Palestinians agreed in Oslo to discuss the issue of Jerusalem — on the religious and political levels — at the final stage talks. Therefore, any Jordanian concession in this regard will be in the interest of Israel rather than the Palestinians. I do not believe that the Palestinians, the Arabs, or the Muslims will accede to this.

But, in order to be clear, Jordan announced that as soon as sovereignty over Jerusalem returns to the Palestinian brothers — and we hope so — we will relinquish custody of the holy sites to the PA. [passage omitted]

Jordan: Official Denies Israel Not Abiding by Water Agreement

JN2807085296 Amman JORDAN TIMES in English 28 Jul 96 p 3

[Report by Francisca Ciriaci; "Special to the JORDAN TIMES"]

[FBIS Transcribed Text] Amman—Rejecting local press reports claiming that questions still exist about some articles in Annex II of the peace treaty on "water related issues," Secretary General of the Ministry of Water and Irrigation Qusayy Qutayshat declared that the works of the joint committee in charge of identifying additional sources of water as provided for by the Jordanian-Israeli peace treaty are "proceeding in the right direction."

Stressing that the works of the Jordanian-Israeli 6-member main steering committee and of all the sub-committees on water are still "on-going," Mr. Qutayshat denied that the Israeli side is not being cooperative and, warning against easy criticisms and speculations, said that "the final solution to the water problem cannot be achieved overnight."

The report, published Thursday by Arabic daily al-Ra'y, claimed that Israel was guilty of the non-implementation of some articles in Annex II of the Jordanian-Israeli peace treaty calling on the two parties to cooperate in finding sources for the supply to Jordan of an additional quantity of 50 million cubic metres (mcm) a year of potable water.

Rejecting the report, according to which "the Israeli side in the water committee called on Jordan to look for

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sources within Jordanian boundaries to provide the additional 50 mcm per year of potable water in question," Mr. Qutayshat stressed that "the joint committee has so far worked hard for the implementation of the treaty, within the limits of logistic impediments."

Though Mr. Qutayshat would not elaborate any further, he might have referred to the works of construction of the infrastructures for the full implementation of the agreement, such as dams, pipelines, and desalination plants, which are still under way.

Minister of Information Marwan al-Mu'ashshir was quoted by the Jordan News Agency, PETRA, Saturday as telling high school students leaving Amman for a peace camp in the U.S. that "Jordan is still awaiting the implementation of Israel's commitment to pump water to Jordan despite the lapse of one and half years from the signing of the peace treaty."

Apart from the additional 50 mcm per year of water "from additional sources to be identified and agreed upon within one year from the date of effectiveness of the treaty," the peace agreement also secured for Jordan a water share in both the al-Yarmuk and the Jordan rivers. According to Article 3 of the Common Agenda for bilateral negotiations with Israel, calling for "securing the rightful shares of the two sides" and "searching for ways to alleviate shortage," Jordan's water share in the al-Yarmuk River should go up from a yearly average of 120 mcm, depending on rainfall, to 215 mcm, with an increase of 95 mcm a year obtainable by recovering 45 mcm of water from Israeli use and by storing 50 mcm of water in the new Karamah Dam, still under construction.

Jordan's share in the Jordan River waters, non-existent before the peace treaty, was instead supposed to total 70 mcm per year, of which 10 mcm would be obtained through desalination of basin springs and 60 mcm from floods in dams on the river and off-flood flows.

Though Annex II called on the joint water committee to develop "within one year from the entry into force of the treaty a plan for the supply to Jordan of the above mentioned additional water," 18 months have lapsed since the agreement was signed, in Oct. 1994 and the joint committee has not forwarded to the respective governments any plan.

Jordan's pre-treaty situation, with only about 975 mcm of water available in 1993, was far below the water-poverty-line, marked by the minimum per capita yearly consumption of 1,000 cubic metres.

When fully implemented, the peace treaty should allow Jordan to receive additional 215 mcm of water annually, with an increase of about 30 per cent in the country's renewable water resources before the treaty.

Jordan: Information Minister on Ties With Syria, Netanyahu Visit

JN3007082496 Amman JORDAN TIMES in English 30 Jul 96 p 1

[By Mirvat Suwadah]

[FBIS Transcribed Text] Amman—Jordan said Monday [29 July] that it was seeking to improve relations with Syria but stressed that such ties should have new "basis" characterised by mutual respect for the interests of each country.

Minister of Information Marwan al-Mu'ashshir told a press briefing that Jordan has received "positive signals" from Damascus.

"We want our relations with Damascus to be built on clear basis," Dr. al-Mu'ashshir said. "Each country should respect the interest of the other."

Dr. al-Mu'ashshir expressed hope that an imminent visit by His Majesty King Husayn to Damascus will lead to a significant improvement in relations between the two countries.

Relations between Jordan and Syria went sour following the signing of the Jordanian-Israeli peace treaty in October 1994. Syria, whose peace negotiations with Israel have been deadlocked since the Middle East peace process was launched in 1991, wanted Jordan and the Palestinians [to] delay agreement with Israel until Syria and Lebanon did so.

Tension escalated between the two countries when Jordan accused Syria [of] abetting groups that had planned more than 30 sabotage attempts against the Kingdom.

However relations began to improve last June when King Husayn and Syrian President Hafiz al-Asad held their first meeting in two years on the fringes of the Arab summit. During the meeting the King provided the Syrian president with a file that included details of all the sabotage attempts that were planned by Syrian-based groups against the Kingdom.

President al-Asad reportedly promised to study the file.

Since then the two leaders spoke over the phone and Jordan announced that the King will visit Syria but no date has been set yet.

At Monday's briefing, Dr. al-Mu'ashshir also announced that the Israeli Prime Minister, Binyamin Netanyahu, will visit Jordan next week for talks with

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King Husayn on the future of the Middle East peace process.

Mr. Netanyahu's visit is the third to the Kingdom. He visited twice before as an opposition leader.

It comes amid a flurry of diplomatic activity in the region aimed at securing the resumption of the frozen Arab-Israeli peace talks.

Jordan has voiced concern over Mr. Netanyahu's harsh stances regarding the peace process and his rejection of the land-for-peace formula, the basis for the Middle East peace process.

"We want the peace talks to resume on all tracks," Mr. al- Mu'ashshir told reporters. "This is our priority."

Jordan: Al-Mu'ashshir on Bread Subsidy, Syria, Iraq

JN3007093096 Amman AL-DUSTUR in Arabic 30 Jul 96 pp 1, 19

[Report by Hani al-Duwayk]

[FBIS Translated Text] Prime Minister 'Abd-al-Karim al-Kabariti will chair a cabinet session today, after which the cabinet will announce its decision to raise bread prices and a package of other decisions on this subject, including the dates for the implementation of these decisions.

Information Minister Dr. Marwan al-Mu'ashshir said the decision will be issued in the form of regulations specifying the mechanism by which citizens will be compensated for the difference in prices. The decision will be accompanied by a series of procedures and instructions that detail this mechanism. In addition, a plan will be announced to cut government spending and increase revenues as part of a complete package of decisions that relates to bread prices.

During his Monday press briefing with local, Arab, and foreign journalists, al-Mu'ashshir added: Once this decision is issued, bread prices will be floated. The maximum price per kilogram will be 250 fils. If there is any further increase in prices, the government will compensate the Jordanian citizens.

Al-Mu'ashshir said the government is committed to paying all Jordanian citizens who work in the public and private sectors. The system that will be announced today ensures the continuation of subsidies through an allowance. This system addresses all cases. The decision to raise bread prices is the prerogative of the government, not the legislative authority, which has the power to debate supply and other government policies. Therefore, the House of Representatives' session next Sunday [4 August] will debate supply policies in general. The government plans to explain the background and dimensions of this decision to the House of Representatives, which is fully authorized to endorse or reject all government policies. He said the government did what it thinks is in the citizens' best interest; the House of Representatives can do the same thing.

The information minister said the House of Representatives cannot propose a no-confidence vote during its extraordinary session. However, the prime minister said he is willing to ask His Majesty to include this issue in the extraordinary session.

Asked about some journalists being arrested and interrogated by the security organs, Dr. al-Mu'ashshir said there will be no detainees at the General Intelligence Directorate [GID] and that summoning people must be in accordance with the law and requires a warrant for security reasons. He added: The intelligence prison is like any other prison. The International Committee of the Red Cross visits this prison every week. It is a recognized prison. Nothing takes place against the law that allows the GID to summon anyone to interrogate him in accordance with an official warrant from the Public Prosecutor.

He said: The Journalists Association law is not the only recognized law. There are also the Press and Publication Law and the Penal Code. Journalists are not above the law. We are a country that enjoys its own constitutional sovereignty and we apply laws.

Regarding the national unity issue, he noted that there are several laws that safeguard national unity, whether the Press and Publication Law or the Penal Code. He said the government is keen to implement all articles and laws to protect national unity from any abuse.

Dr. Marwan al-Mu'ashshir pointed out that the extensive political efforts and contacts in the region—the most recent being the visit by Dennis Ross, coordinator of the Middle East peace process; Egyptian President Husni Mubarak's current visit to Washington; and Israeli Prime Minister Binyamin Netanyahu's visit to Amman next week—are all aimed at resuming the negotiations on all tracks.

He said that no stands can be adopted or results be produced by these continuous contacts before the resumption of negotiations, noting that the Arab side has a desire to resume negotiations.

Regarding the water issue, Dr. al-Mu'ashshir said that Jordan will continue to suffer from a shortage of water until after the talks with Israel and the other parties on this issue are completed. He added that the water issue will also be discussed with Syria.

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On negotiations with Israel on the water issue, he pointed out: The treaty signed between Jordan and Israel stipulates that part of 50 million cubic meters be stored in the Tiberias Lake in winter so that it can be pumped again in summer through a side canal. There are an additional 50 million cubic meters over which negotiations are being held with the Israelis in order to find a way to deliver this amount to Jordan. There are also another 50 million cubic meters that will come to Jordan after reservoir dams are built on al-Yarmuk and Jordan Rivers. The estimated cost is $400-500 million. We discussed this issue with the countries financing this plan, particularly the EU states, in order to allocate part of aid and grants to Jordan for building these reservoir dams.

The information minister said Jordanian-Syrian relations have relaxed a great deal. Contacts are continuing between the two countries to solve outstanding problems. He said: We have received many positive signals from Damascus. Jordan hopes these signals will lead to a true relaxation in relations between brothers. He added that His Majesty King Husayn will visit Damascus shortly and that contacts are under way to set a date for the visit.

Al-Mu'ashshir said: We want any future relations with our sister Syria to be established on clear foundations that take into consideration the interests of both countries. Therefore, we will not go to Syria without a serious discussion of the past. This will enable us to build our relations on new foundations. We feel that the time is right for this, and there are positive signals in this respect.

Answering a question on UN charges that Jordan violated the embargo against Libya, since there is an office for the Libyan Airlines in Jordan, al-Mu'ashshir said: We have not received any official word from the Security Council or the United Nations on this issue. He said that Jordan is committed to all the resolutions of international legitimacy and has never violated any of them, whether on Libya or any other issue.

Al-Mu'ashshir reiterated Jordan's position on Iraq, saying that Jordan does not interfere in Iraqi affairs. He denied any Jordanian involvement in plots to overthrow the regime in Iraq or to assassinate Iraqi President Saddam Husayn.

Dr. al-Mu'ashshir said Israeli Prime Minister Binyamin Netanyahu did not ask to meet with some Jordanian party leaders during his visit to Amman next week. He said Netanyahu expressed this desire before he became prime minister a year ago.

Dr. al-Mu'ashshir added: We are working with the U.S. Administration to make it increase its indirect aid to Jordan, since increasing direct aid is no longer possible. This is because direct U.S. foreign aid has been reduced from $22 billion to $11 billion this year. There is talk about giving Jordan indirect U.S. aid in the form of a loan totaling $150-200 million to enable the Jordanian importer to import goods without this affecting the reserves of the Central Bank of Jordan [CBJ]. He said that Jordan is also seeking to increase Japanese aid. There are contacts with the Japanese side that are expected to result in positive developments within the next few weeks.

Dr. al-Mu'ashshir said the Jordanian dinar is currently in very good shape. We have no fears for the dinar. We are not worried at all in this regard. We seek to increase the CBJ reserves to face any unexpected developments.

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Lebanon: Fadlallah Warns of U.S., Israeli 'Ploy' Against Syria

NC3007104596 Beirut AL-ANWAR in Arabic 27 Jul 96 p 5

[FBIS Translated Excerpt] 'Allamah al-Sayyid Muhammad Husayn Fadlallah sees the U.S.-Israeli ploy aiming to disrupt relations between Lebanon and Syria by implying that they desire to negotiate with Syria on the conditions of withdrawal from Lebanon.

Fadlallah was delivering the Friday sermon at the Imam al-Husayn mosque in Harat Hurayk. The gathering was attended by Hizballah Deputy Secretary General Shaykh Nai'm Qasim, Iranian Charge d'Affaires in Beirut Sayyid Irani, and deputy 'Ali 'Ammar.

In his sermon Fadlallah said: The Israeli-U.S. ploy aims at disrupting the strategic relations between Lebanon and Syria, in a not very intelligent way, by hinting at negotiations with Syria on condition of withdrawal from Lebanon. We know very well that Israel will not withdraw from Lebanon without political, security, and economic conditions, but it is trying to show token flexibility to buy time. Hence, Lebanon must remain firm in demanding an unconditional withdrawal and keeping the resistance in the front line, assisting it and considering it as the main player in the liberation issue, because it drained the enemy, reduced its arrogance, and turned the occupation into a deadlock.

We must take care over the new U.S. ploy led by the Jewish lobby in Congress, claiming that Syria is a terrorist state, a supporter of terrorism, or an outlaw state. The raising of the issue of importing missiles from China and other issues aims to weaken the Syrian position, which is distinguished from the other Arab positions by Syria's steadfastness in facing Israel. This demands a united position from the Arabs regarding Syria's firm stand against Israel, because this alone highlights the balance in the Arab position that will protect their power, unity, and legitimate rights on their land. [passage omitted]

Lebanon: Israeli Shelling, Overflights Reported

NC3007084896 Beirut Radio Lebanon in Arabic 0800 GMT 30 July 96

[FBIS Translated Text] Israeli warplanes overflew the central sector in the south this morning. Earlier an enemy force raked the villages of Majdal Silm, Qabrikha, Wad al-Saluqi, and al-Qantarah using machine guns and rockets. The raking was accompanied by flares.

Lebanon: 'Resistance' Attacks SLA Patrol in South

NC2907175196 Beirut Voice of Lebanon in Arabic 1615 GMT 29 Jul 96

[FBIS Translated Text] At 1830 [1530 GMT] today, a resistance group attacked a South Lebanese Army [SLA] patrol on the Sujud-al-Rayhan road. At the same time, the Israeli forces shelled the hilly areas of Iqlim al-Tuffah, particularly Mlita, 'Uqmatah, al-Luwayzah, and the Nab' al-Tasah river basin.

Lebanon: Hizballah's Nasrallah Rules Out Arrangements With Israel

NC3007071696 Ba'labakk Voice of the Oppressed in Arabic 0530 GMT 30 Jul 96

[FBIS Translated Excerpt] Hizballah Secretary General Shaykh Hasan Nasrallah has asserted various positions regarding current developments, particularly the Zionist proposal Lebanon First and the parliamentary elections. He asserted that the Islamic Resistance does not accept, under any circumstances, any cease-fire agreement and any other arrangements with the Zionist enemy as long as there is one Israeli soldier on one inch of Lebanese territory. At "The Triumph of Martyrdom and Freedom Festival" held yesterday in Harat Hurayk, his eminence said the Zionist enemy proposes what is called Lebanon First in a new attempt to split the front. He added: We are against this split and the enemy must leave our land without any gain. [passage omitted]

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Syria: Arab League Chief Makes Statement, Departs 29 Jul

JN3007065596 Damascus Syrian Arab Republic Radio Network in Arabic 0415 GMT 30 Jul 96

[FBIS Translated Text] President Hafiz al-Asad received Arab League Secretary General Dr. 'Ismat 'Abd-al-Majid in the Presidential Palace in Latakia at 1130 [local time] yesterday. Foreign Minister Faruq al-Shar' attended the meeting. They discussed the Arab situation, regional developments, the Cairo Arab summit resolutions, and the peace process.

Dr. 'Abd-al-Majid and the delegation accompanying him left Damascus last night following a two-day visit to Syria.

In a statement to a SANA correspondent, Dr. 'Abd-al-Majid described his visit to Damascus as very fruitful and successful. He said that this visit gave impetus to action within the Arab League framework.

The Arab League secretary general was happy with his visit to Syria and his meeting with President Hafiz al-Asad. He stressed that their talks were very important, adding: These talks were held at a critical stage in the region. We also reiterate our concern about a just and comprehensive peace based on the resolutions of international legitimacy and the relevant UN Security Council resolutions. We will continue contacts to implement the Arab summit resolutions, which showed the Arab states' concern about solidarity.

Dr. 'Abd-al-Majid termed the Israeli proposal on Lebanon as a deadly attempt to drive a wedge between Syria and Lebanon, stressing that this attempt will fail and noting the importance of the link between the two fraternal countries.

In another statement to MENA, Dr. 'Abd-al-Majid called for backing and maintaining the link between Syria and Lebanon. The aim, he said, is to achieve a link between the two peoples and to realize the goal aspired by Syria and Lebanon—a just and comprehensive peace and Israel's withdrawal from all southern Lebanon and the Syrian Golan. He held Israel responsible for obstructing the peace process in the region.

Syria: Chief of Staff on Army's 'Preparedness,' Peace Stand

JN3007104296 Damascus SANA in Arabic 0830 GMT 30 Jul 96

[FBIS Translated Text] Damascus, 30 Jul (SANA)—General Hikmat al-Shihabi, chief of staff of the Army and the Armed Forces, said the Syrian Arab Army is a school for heroes. He said it has maintained a high degree of combat preparedness since the leadership of President Hafiz al-Asad has provided it with all the requirements needed for preparation and training.

In a statement to the newspaper AL-BA'TH today on the Syrian Arab Army Day, Gen. al-Shihabi said: In all of its stands and battles, the Syrian Arab Army embodied the will of the Arab nation and the Arab people of restoring their land and rights and of safeguarding their dignity and sovereignty. Throughout its march of struggle, this army entrenched values and traditions derived from the history of the Arab nation and the principles of the Arab Socialist Ba'th Party.

Gen. al-Shihabi added: Syria always tries to achieve a just and comprehensive peace to restore rights to their owners based on the resolutions of international legitimacy.

He said: Syria's peace stand is clear. It is simultaneously a principled and strategic stand. However, Israel is the side that procrastinated, aggressed, placed obstacles, and set conditions that do not achieve equitable [mutakafi'ah] and balanced [mutawazinah] security arrangements. Syria rejects this completely.

Gen. al-Shihabi called for investing the results of the Arab summit held in Cairo in order to strengthen the Arab position and to reactivate Arab solidarity in the face of challenges to the Arab nation.

Syria: Radio Cites 'Reasons' for Israel's 'Lebanon-First' Proposal

JN2907181096 Damascus Syrian Arab Republic Radio Network in Arabic 1140 GMT 29 Jul 96

[Station commentary]

[FBIS Translated Text] The recent Israeli Government's so-called Lebanon First proposal merely succeeded in bringing to the surface a living, tragic collection of incidents caused by the continuous Israeli aggression on sisterly Lebanon, starting with the 1978 aggression all the way to last April's aggression, the outcome of which was the recognition of Lebanon's right to resist the Israeli occupation of its territory.

Moreover, the Israeli Government's Lebanon-first proposal, reminds the Arabs and the world instantly of Israel's designs on Lebanon's water resources, particularly water from al-Litani River, which Israel continues to usurp. It also reminds the Arabs and the world of Israel's ambitions on the Lebanese territory, parts of which Israel continues to occupy.

Because Israel's hostile intentions toward Lebanon are crystal clear, the Lebanese Government and people have rejected this Israeli wedge, which Israel wants to drive into the unified Arab position — the most magnificent

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manifestation of which is the Syrian-Lebanese coordination.

The Arabs in general, and Syria and Lebanon in particular, will not accept peace unless it is just and comprehensive. Israel's so-called Lebanon-First proposal is no more than a violation of the principle of just and comprehensive peace. Indeed, the Arab summit was held last month just to reaffirm and protect this principle against any breach or violation.

What prompted the Israeli Government to make the Lebanon-First proposal? There are Israeli reasons, and there are Arab and international reasons.

Let us discuss the Israeli reasons. Despite the Israeli settlers' belligerence under the protection of the occupation army in Hebron and the West Bank; despite the Israeli Government's insistence on confiscating Arab lands, its persistence in pursuing the settlement conspiracy, and its insistence on Judaizing Arab Jerusalem; and despite the fact that the Israeli Supreme Court has joined the instruments of the Israeli terrorism when it issued its latest ruling allowing the Israelis to violate the sanctity of al-Aqsa mosque; despite all this terrorism, Israel failed to hide the deterioration that is now besetting the Israeli economy. In the less than two months since Netanyahu assumed power in Israel, the Israeli economy has deteriorated by 20 percent, according to the INTERNATIONAL HERALD TRIBUNE.

With respect to the international reasons, there is a worldwide feeling, or rather a worldwide expression, of the concern over the seriousness of wasting time in the peace process due to the intransigence of the Israeli Government. This concern was clearly voiced by French Foreign Minister Herve de Charette during his recent visit and talks in the Middle East.

However, the main reason that prompted the Israeli Government to make its Lebanon-First proposal is the new firm position adopted by the Arabs at the latest Arab summit last June. This position prompted key international figures concerned with the peace process to rush to the region one after the other before and after the summit. This made the Israeli Government try to bypass facts in order to deceive the international community into believing that it is not the one that should be blamed for the suspension and the collapse of the peace process because of its continuous intransigence and evasion of the requirements of peace. This became abundantly clear after the summit adopted a unified Arab position that stressed that peace cannot prevail unless Israel withdraws from all the occupied Arab lands.

In light of the above facts, salvaging the peace process does not require Israeli propaganda gimmicks that do not meet the requirements of peace, which are well-known to Israel as well as to the entire world. Peace requires the implementation of UN Resolutions 242, 338, 425, all of which stipulate Israel's withdrawal from occupied Arab lands as the only condition for achieving peace — that is, if Israel wants to be in harmony with the international community, UN resolutions, and the peace process terms of reference. The withdrawal is the foundation laid by the international community to establish just, firm, and comprehensive peace in the Middle East. Only this foundation is capable of providing security and stability for all the peoples of the region, and not the policy of building settlements, expansion, imposing closures, starvation, destruction, killing, and all that the Israeli Government resorts to as means of defying the resolutions and the international community's desire for a just and comprehensive peace in the region.

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Afghanistan

Afghanistan: Foreign Ministry Officials Meet UN Envoy

LD2907191196 Kabul Radio Afghanistan Network in Pashto 1530 GMT 29 Jul 96

[FBIS Translated Text] Najibollah Lafra'i, minister of state for foreign affairs, and Abdorrahim Ghafurzai, deputy minister of foreign affairs, held separate meetings with Dr. Norbert Holl, the UN special representative for Afghanistan, this afternoon. BAKHTAR reported that during the meetings Mr. Holl said that the United Nations supported the speeding up of the peace process in Afghanistan. He said the United Nations agreed with the idea that a representative from every permanent member of the Security Council should be included in the entourage of the UN special representative for Afghanistan, and it emphatically supports further efforts for the restoration of peace and the establishment of permanent stability in Afghanistan. He said that the complete restoration of peace to Afghanistan was one of the main goals of the United Nations.

Wishing Dr. Holl success in his efforts, the esteemed Lafra'i and the esteemed Ghafurzai told him that as a citizen of Germany he should be interested in the restoration of peace in Afghanistan because of the traditional and historic relations between the Germans and the Afghans.

Dr. Holl and the accompanying delegation arrived in Kabul this morning. He was received at the airport by Abdorrahim Ghafurzai and a number of Foreign Ministry officials.

Afghanistan: Officials Meet Iran's Deputy Foreign Minister

LD2907191696 Tehran IRIB Television First Program Network in Persian 1630 GMT 29 Jul 96

[FBIS Translated Text] 'Ala'eddin Borujerdi, deputy foreign minister for Asian-Pacific affairs, who is visiting Afghanistan, has discussed the latest developments in Afghanistan with officials in Kabul. Mr. Borujerdi today met the Afghan prime minister.

At the meeting 'Ala'eddin Borujerdi hoped that the Islamic State of Afghanistan would be able to realize a long-held desire of the people of Kabul and other parts of Afghanistan; that is, to end war and clashes.

Borujerdi also hoped for an improvement in relations between Kabul and Islamabad, as two neighbors and Islamic countries, and said that the Islamic Republic of Iran would continue its efforts in this direction as before.

[Afghan Prime Minister Golboddin] Hekmatyar thanked the Islamic Republic of Iran for its continuing efforts to establish peace and tranquillity in Afghanistan. He said that the establishment of ties between Islamic countries, especially neighboring countries, was very important, in view of the global conspiracy against Islam. He said that expansion of cooperation with neighboring countries was at the top of the list of policies of the Islamic State of Afghanistan.

Our country's deputy foreign minister arrived in Kabul last night. He also met today the ministers of defense and foreign affairs as well as the deputy foreign minister of Afghanistan. The talks centered on the latest political developments in that country and the efforts of the Afghan Government to reach an understanding with various groups.

Afghanistan: New Defense Minister Meets With Iranian Deputy Minister

LD3007104096 Tehran IRNA in English 2119 GMT 29 Jul 96

[FBIS Transcribed Text] Kabul, July 29, IRNA — Iran's deputy foreign minister for Asia Pacific Affairs; 'Ala'eddin Borujerdi here on Monday [29 July] met new Afghan Defence Minister Wahidollah Sabawun to exchange views on the latest developments in Afghanistan.

Sabawun appreciating Iran's peace efforts said that the Islamic Republic plays an important role in the positive developments in Afghanistan. He said: "We will never forget these (Iranian) valuable efforts." Briefing Borujerdi on the current situation of his country the Afghan defence minister said that "negotiations are the basic solution and the Afghan Government feels dutybound to support and safeguard the honour and interests of the people."

The Iranian official said that the Islamic Republic was optimistic that security of the deprived and oppressed people of Afghanistan especially of those in Kabul would soon be ensured. He reiterated that Iran is against war and armed clashes in Afghanistan and believes that negotiations and understandings are the only way to resolve the crisis.

Afghanistan: Defense Ministry Vows To Ensure Kabul's Security

LD2907195296 Kabul Radio Afghanistan Network in Pashto 1530 GMT 29 Jul 96

[FBIS Translated Text] The Defense Ministry press office has announced the following points to the residents of Kabul regarding the security of the Kabul people and rocket attacks on the city.

The Islamic State of Afghanistan and the Defense Ministry have taken serious steps in connection with fulfill-

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ing their duties with regard to the protection of national sovereignty, territorial integrity, political independence, and the unity [words indistinct] of Afghanistan against foreign and internal conspiracies and are determined to eradicate the causes of instability in the country.

On this basis the Defense Ministry conveys the following points to the residents of the city of Kabul:

1. Issues concerning the defense of the country are controlled by the High Military Council. The Defense Ministry is ready to fulfill its national and Islamic mission with regard to the implementation of the council's decisions.

2. As in the past Ministry Defense units of Afghanistan enjoy high combat readiness, strong military decipline, and political awareness. It is resolutely defending peace and security and law and order in the country.

3. Now that the opposing groups are embarking on [words indistinct] military provocation, the army units confront them with fortitude.

4. The Defense Ministry of Afghanistan reassures the Muslim people of Afghanistan, especially the residents of Kabul, that serious preparations are in hand to quell the provocations of the opposing groups, and it will not be long before they will crush the forces of sedition and corruption.

The Islamic army of Afghanistan considers itself duty bound to defend selflessly [words indistinct] of the noble people of Afghanistan, especially the residents of Kabul, and will not spare any effort in this connection.

Bangladesh

Bangladesh: Finance Minister Announces 1996-97 Fiscal Year Budget

BK2907143296 Dhaka Radio Bangladesh Network in Bengali 1500 GMT 28 Jul 96

[All figures as heard]

[FBIS Translated Text] The national budget for the 1996-97 fiscal year was presented at the parliament this afternoon. The new budget envisages estimated revenue receipts of 171.2 billion and revenue expenditures of 121.03 billion taka, leaving a surplus of 50.17 billion taka. The proposed budget's development program will involve 125 billion taka; (?60) percent of this amount will be met from domestic resources. The GDP growth rate during the current fiscal year is 5.5 percent, which is expected to rise to 7 percent in the next five years.

In his budget announcement, Finance Minister S.A.M.S. Kibria said that, in view of the significant contribution of the agricultural sector to the economy, allocations in this sector have been increased by 34 percent. An allocation of (?7.48) billion taka has been proposed for the agricultural sector in the current fiscal year, and the growth rate in this sector is estimated to be 6 percent. An agricultural subsidy fund of 1 billion taka has been established. The money will be given to banks as a 28 percent subsidy for interest on loans for the purchase of irrigation and other agricultural implements.

A 36 percent increase in allocations has been established in the annual development program for the water resources sector; a total of 10.21 billion taka has been allocated for this sector. Restrictions on foreign investment in the stock market have been removed to attract greater foreign investment. To promote participation in primary public issues, a quota of 5 percent has been allocated for nonresident Bangladeshis. An allocation of 39.52 billion taka has been proposed for the education sector. The allocation on health and family welfare has been increased. The total amount in these two sectors in the budget stand at 16.11 billion taka. The budget proposes to allocate 47.63 billion taka for the eradication of poverty through [word indistinct] rural development, flood control, primary education, rural electrification, and health and population welfare. An allocation of 10.7 billion taka has also been made outside the annual development program for providing food aid to the poor.

For the development of the transportation sector, a sum of 24.4 billion taka has allocated. It will not only accelerate economic growth, but will also contribute to removing (?hardship). A total of 1.5 billion taka will be spent for youth development, while 520 million taka has been allocated for the overall development of women and children.

The finance minister said the greatest challenge to the present government is accelerating the growth rate by infusing new life into the sluggish economy. The dream of Bangabandhu Sheikh Mujibur Rahman of a golden Bangladesh cannot be realized unless the country's problem-infested and delicate economy is turned into a fast-growing one. Therefore, investment in the public and private sectors will have to be increased by maintaining political and economic stability in the country. A policy of supporting and encouraging private sector investment will be adopted, and nonproductive expenditures in the public sector will be reduced. As rapid industrialization is not possible due to the restricted domestic market, emphasis will be placed on export-oriented industry. Bangladesh will have to open its market to foreign goods by reducing barriers so that our own commodities gain access to foreign markets.

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The finance minister said that the main objective of the present government is the proper utilization of resources, the establishment of social justice, and the economic emancipation of the common man through a corruption-free civil administration. The present government will take effective steps within the shortest possible time to diversify (?growth). The local government will be allowed more authority in the near future. The elected representatives at the union, subdistrict, and district levels will be given the necessary power and authority. He expressed the hope that government employees will voluntarily come forward to fulfill their responsibilities. Considering the problems of employees and officials under the national wage scale, the government has already agreed in principle to establish a wage board. Necessary steps will be taken soon in this regard.

In his three-hour budget speech, the finance minister gave a brief account of the present government's political and socioeconomic priorities and strategies. He said that the government gives top priority to the eradication of poverty, social justice, and the welfare of the common man. To achieve these objectives, the government is taking various steps to bring dynamism into the [word indistinct] agricultural sector, promote export-oriented industry, increase production, and achieve economic growth by mobilizing sufficient domestic resources. The finance minister said that the National Revenue Board has set a revenue target of 130.4 billion taka for the new fiscal year. This is more than double the target of previous year. He said that our development strategy and poverty eradication program will be faced with disaster if additional resources cannot be mobilized.

Disputing apprehensions that new taxes would be imposed to mobilize additional revenues, as proposed by the National Revenue Board, the finance minister announced that no new tax has been imposed in the new budget. Instead, cuts in duties and taxes have been proposed in many spheres. The proposed increase in the revenue sector will be met by creating coordination in the tax and revenue structure and by other fiscal measures. Although proposals have been made to increase taxes on [words indistinct] to protect [words indistinct] industry, these measures will not significantly affect revenue collection. An effort has been made to increase the collection of revenues by rationalizing the tax law and by streamlining the tax administration and making it more dynamic.

On the Value-Added Tax [VAT], the finance minister said that the expansion of the tax base will lead to increased collection. A reduction from 47.5 percent to 45 percent in the tax rate of banks, insurance companies, financial institutions, and nonresident companies has been proposed. An increase in the income tax limit on personal income has been proposed from the current 55,000 taka to 60,000 taka. In view of the inflation rate and in order to simplify tax payment procedures, a proposal has been made to double the amount of money in filing returns of assets and liabilities. [sentence as heard] The amount of money has now been raised to 200,000 taka.

In order to remove discrimination and keeping in view the greater interest of industrialization, a proposal has been made to raise the time limit [as heard] for the tax structure of expansion units of manufacturing industries, the tourism industry, and infrastructure development institutions. In keeping with global trade liberalization, a reduction in custom duties has been proposed from the maximum rate of 50 percent to 45 percent. To prop up the agricultural sector, a reduction in taxes on some of the implements used in this sector has been proposed. A reduction in the tax on seed potato and [words indistinct] fertilizer from 7.5 percent to 2.5 percent has been proposed. Similarly, a significant reduction in taxes on tractors, tractor tires, spare parts, deep tube wells, and fiberglass strainers and filters used in tractor [word indistinct] has been proposed. A reduction in taxes has also been proposed on some other commodities and agricultural implements. The total elimination of the present 35 percent surcharge on [word indistinct] used in this sector has been proposed.

The finance minister announced a reduction of the export duty on rawhide and [word indistinct] leather from 7.5 percent to 2.5 percent. A similar tax reduction has also been proposed for exportable frozen fish and vegetables. The total elimination of the surcharge on all used clothes has been proposed.

With a view to promoting the textiles sector, a reduction in the surcharge on raw materials for handmade yarn and synthetic yarn from 30 percent to 22.5 percent and 15 percent has been proposed. The duty on synthetic textiles has been reduced from 7.5 percent to 2.5 percent. Similar tax reductions have been proposed for many other [words indistinct] related to the textiles sector.

With a view to increasing power generation, a reduction in taxes on photovoltaic generators, spare parts, photovoltaic cells, and wind-operated turbines and their spare parts has also been proposed.

Keeping the importance of the transportation sector in view, a reduction in the duty on completely built-up double-decker buses from 30 percent to 2.5 percent has been proposed. The finance minister proposed, however, to raise the duty on ocean-going vessels with a 3,000 deadweight ton capacity from 0 percent to 2.5 percent.

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Some changes have been proposed in the banking sector. The payable duty on bank accounts over 5,000 taka but below 100,000 taka will be 120 taka. This duty will be 200 taka in other matters. The elimination of the excise duty on accounts of less than 10,000 taka has been proposed.

The new budget proposes to streamline the collection of VAT and to bring some new items such as cars, air conditioners, dish antennas, and similar luxury items under the VAT. The finance minister said that elimination of the system of depositing an advance [word indistinct] fee for collecting a certificate of heredity has been proposed, with a view to eliminating difficulties for women, orphans, and the destitute.

Kibria gave a brief account of the effects of the new fiscal arrangement and proposals on the entire revenue sector. Our parliament representative says that President Abdur Rahman Biswas gave his assent to the proposed budget for fiscal 1996-97 and the supplementary budget of 1995-96. Immediately after presenting the budget, the finance minister also introduced three bills. They are the finance bill; the coordinated fund, supplementary grant, and [word indistinct] bill; and the coordinated fund, advance grant, and (?appropriation) bill 1996.

President Biswas was present in the parliament when the new budget was presented. Senior civil and military officials, members of the diplomatic corps, entrepreneurs and distinguished people were also present in the house. The parliament will resume its session at 1100 on 31 July.

India

India: Indian Envoy Threatens To Block CTBT Talks

BK3007010296 Delhi All India Radio Network in English 0035 GMT 30 Jul 96

[FBIS Transcribed Text] India has threatened to block talks aimed at securing a final treaty banning nuclear testing if the draft currently on the table is not amended. India's envoy to Geneva disarmament conference, Ms. Arundhati Ghose, gave the warning as a final session aimed at securing a Comprehensive Test Ban Treaty, CTBT, began in Germany [as heard] yesterday. Ms. Ghose said delegates cannot go into the plenary session unless the so-called entry-into-force clause of the treaty is amended. The clause requires the five declared nuclear powers and the three threshold countries considered capable of producing a nuclear weapon — India, Pakistan, and Israel — to ratify the treaty before it can take effect.

India: Indian External Ministry Official Comments on CTBT

BK3007031296 Delhi All India Radio Network in English 0245 GMT 30 Jul 96

[FBIS Transcribed Text] India will block the passage of the Comprehensive Test Ban Treaty, CTBT, at the ongoing Geneva disarmament conference if the proposed draft is not amended. A senior official of the External Affairs Ministry said in New Delhi that the draft treaty approved by the United States and the European Union has completely failed to take India's views into account. New Delhi has been insisting that a genuine CTBT should include the commitment by all nuclear powers to cut their arsenals to zero within a specified timeframe and also ban all forms of nuclear testing. Earlier, India's stand was to abstain from negotiations. An AFP report from Geneva says India's envoy to the conference, Ms. Arundhati Ghose, said that the delegates cannot go into the plenary session unless the so-called entry clause of the treaty is amended. The clause requires the five declared nuclear powers and the three threshold countries considered capable of producing a nuclear weapon — India, Pakistan and Israel — to ratify the treaty before it can take effect. Delegates will meet tomorrow to discuss this. India will append a note of dissent indicating its objection in strong and forceful terms. The conference, which must approve the CTBT pact, operates by consensus and India's latest stand can prevent its passage.

Meanwhile, China, which conducted a nuclear test hours before the 61 nations resumed their final discussions after a month in Geneva, assured that it would join the moratorium on further tests beginning from today.

India: Paper Says China's Tibtan ICBM's Target Indian Cities

BK3007104396 Jalandhar PUNJAB KESARI in Hindi 21 Jul 96 pp 1, 12

[Report by Pandit]

[FBIS Translated Text] While on the one hand India and China are making every endeavor to improve their bilateral relations, on the other China is continuously increasing its nuclear and missile strength, which could pose a grave threat to India's security in the future. China has established many missile bases in Tibet. Seventy medium-range missiles and 20 long-range missiles have been deployed 10 km away from the small Tibetan town of Nangchu, which is very close to the Indian border. Other ICBM's have been deployed at Nes, Qondyo, Nyiteri, and Povotaya [names as transliterated], which are very close to the India-Tibet border. New missiles bases have been set up in China with the aim of directly

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targeting India. The main Punjabi towns of Ludhiana, Ambala, and Amritsar; Almorha and Shillong in Assam; and even New Delhi are all within the range of the missiles deployed there.

China at present also possesses 'Han' class submarines fitted with 1,200-km range C.S.S.-4 missiles, which can be fired from below the sea. These submarines can go as far as the Indian Ocean.

A Defense Ministry report says although the Sino-Indian normalization process is continuing, the steady increase in China's missile and nuclear power and its transfer of technical know-how to Pakistan threaten India. This represents a kind of challenge for India.

The history of China increasing its military power is not new. In 1960 it modified S.S.-2 missiles acquired from the erstwhile Soviet Union to make them more powerful. China conducted the first test of its intercontinental missile C.S.S.-3 in the Bu-Xhia [name as transliterated] desert in Shanxi Province. Such missiles are now deployed in Tibet.

A squadron of China's J-7 fighter aircraft are stationed at Gongal [name as transliterated] air strip about 60 km from Lhasa. These aircraft are fitted with two PL-2 missiles.

China's sole objective in increasing its sophisticated military presence in Tibet is to continue maintaining pressure on India. Following the successful testing of indigenous missiles by India, China has also started concentrating lethal weapons not far from the India-Tibetan border. China at present also possesses electronic [as published] missiles. India's many regions now fall under their strike range.

The Defense Ministry report adds that in view of China's exports of missiles and the increase in its missile strength, India should carry forward its missile development program.

India: Court Dismisses Rao's Petition in 'Cheating' Case

BK3007104196 Delhi All India Radio General Overseas Service in English 1010 GMT 30 Jul 96

[FBIS Transcribed Text] Delhi high court today dismissed the former prime minister, Mr. P.V. Narasimha Rao's, petition against the lower court order summoning him as an accused in the Lakhubhai Pathak cheating case. Pronouncing the order, Mr. Justice S.K. Mahajan said that he finds no merit in the petition. The former prime minister had been summoned by the chief metropolitan magistrate to appear in the court on Friday [2 August] to answer charges of criminal conspiracy and cheating.

India: Finance Minister Discusses Reforms

BK2707152196 Bombay THE TIMES OF INDIA in English 27 Jul 96 p 11

["Excerpts" of interview with Indian Finance Minister P. Chidambaram by Priya Ranjan Dash on 25 July; place not given]

[FBIS Transcribed Text] As commerce minister in the previous Congress government P Chidambaram had teamed up with his predecessor Manmohan Singh in pushing the reforms process. As Union finance minister in the United Front government Mr Chidambaram has shown through his maiden budget which he presented earlier this week that a change in his political affiliation has not diminished his commitments to liberalisation. In an interview to The Times of India on Thursday [25 July] Mr Chidambaram besides defending the introduction of minimum alternative tax which has raised the hackles of trade and industry, held out the promise of more measures to further the reforms programme. Some excerpts:

Q: Let me start by asking you straightaway whether you will review the provisions of the minimum alternative tax (MAT) in the light of its impact on exports and on the capital market?

A: There is no adverse impact on exporters. Under Section 10A and 10B of the Income-Tax Act, 100 percent export-oriented units (EOUs) and units in the export processing zones (EPZs) are exempt. For non-EOUs and non-EPZ exporters, if they are not corporates, there is no MAT. If they are corporates, the incidence of MAT is only when their export profits are 70 percent of their total profits.

I would like to know how many non-EOU and non-EPZ corporates export to the extent that 70 percent of their profits come out of exports.

Q: What about the impact of MAT on industry and the capital market?

A: MAT has been in the air for over three weeks now. In fact, virtually every paper has written about it as I had said it's most likely that MAT will be introduced. But the market did not react for three weeks. Why should it react in the last two days on that ground?

Q: Are you trying to gain political mileage by introducing MAT which would give your government the image of not being pro-big business?

A: No. We are not being pro- or anti-anybody. Simply that it seems inequitable that when thousands of corporates are paying tax about a thousand companies should

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not pay any tax at all. We are trying to correct an inequity.

Q: Given the uncertainties in the capital market, how confident are you of achieving your target of getting Rs [Rupees] 5,000 crore this year from the sale of public sector shares?

A: Which uncertainties are you talking about? The fundamentals of the economy, I believe, remain strong. And what we have done in this budget is to continue the process of reforms. So, between Monday evening and Thursday morning, the economy could not have taken a dip.

I think the capital market will level out in the next few days. And by the time the disinvestment commission is in place and begins to advise us on disinvestment, the capital market should have come back to normal behaviour.

Q: This had been said after the presentation of the budget last year. But ultimately, because of the depressed market conditions, the government could raise only a few hundred crores against the target of Rs 7,000 crore.

A: Last year, disinvestment had got into a political spin. Therefore the government could not push ahead with disinvestment. This year I have got the disinvestment idea into the United Front's common minimum programme (CMP). The ministry of industry moved a paper to the Cabinet which has approved the establishment of the disinvestment commission. I have been assured by my colleague, the minister for industry, that the commission will be in place in the next few weeks and that it will begin its work, say, in September.

Q: On the modalities of disinvestment, has the percentage of stake the government will sell in the various categories of public sector enterprises (PSEs) been finalised?

A: The Cabinet has taken a decision. The industry ministry is in the process of drafting guidelines based on the Cabinet decision. I think they will make it public in due course.

Q: Is it part of the Cabinet decision that the government will withdraw from PSEs in non-core areas such as tourism, hotels, etc., as provided in the CMP?

A: Yes, it is. But that will be reflected in the guidelines. So I do not want to say anything now.

Q: The political spin of last year that you mentioned seems to be in existence today as well. Only yesterday, we witnessed an interesting debate in which the constituents of the United Front openly criticised the disinvestment target.

A: I cannot respond to the views of individual members. I am sure that they believe in the correctness of the position they take. I can only keep the CMP as my guide. And as long as the CMP allows disinvestment and the Cabinet has taken a decision to establish the disinvestment commission. I will simply have to carry through that policy.

Q: Does that apply to the policy implicit in the CMP to open up the insurance sector to private and foreign companies?

A: Anything that is there in the CMP is the policy of the United Front. Anything that the Cabinet decides is the policy of the United Front government decision then it is the business of all ministries to carry it out.

Q: But we have been hearing dissenting voices from within the United Front quite frequently.

A: That's healthy for a democracy.

Q: What would you say to remove doubts that India's progress towards an open, globally competitive and free trading economy may have been stalled by the levy of the two percent special customs duty, non-reduction in the peak tariff rate and multiplicity of rates brought about by item specific duty concessions.

A: I am afraid that's a completely wrong assessment. We should look at the new customs tariff schedule. We are now going into tariffication. From the budget speech, it may not be very apparent but from the schedule you will find that we have now unified the rates under headings or sub-headings. And we have done a lot of cleaning up.

Secondly, we have not raised rates in any case. We have brought down rates by five percent in some cases, by 10 percent in most cases and by 15 or by 20 percent in some other cases. The trend is to bring down rates.

When I slap a two percent duty, I am still bringing down rates by three percent, eight percent, 13 percent and 18 percent. For the sake of elegance and neatness, I did not do that. I brought down rates as projected by five, 10, 15 or 20 but added on a separate duty of two percent.

Q: So, you are saying that the budget has made progress in implementing the Chelliah Committee report on tariff reforms?

A: Oh, yes, you should just pick up the Chelliah Committee report and compare it with the new rates.

Q: In 1995, as commerce minister, you said there was an agreement within the government that restrictions on import of consumer goods will be removed in phases over five years, 2000 being the target date. What is your position now?

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A: I have not changed my position. I still think we should remove quantitative restrictions (ORB) and put all items on tariff. The best way to do that is to remove ORB on 20 percent of the tariff lines (items) every year. So, over a five-year period, you remove all ORB and everything will be against tariffs.

Q: In the past you have held the view that reforms in the agriculture sector have been timid. You had an opportunity in the budget to hasten it...

A: I have given it a big hand by proposing massive public investment in agriculture. It is now for the ministry of agriculture and other ministries to take steps to carry out the CMP promise of removing all controls and regulations on agriculture and agro-processing.

Q: If I may move away from agriculture to industry, some commentators have said that the protectionist lobby of domestic industry, the Bombay Club, has prevailed in Mr Chidambaram's budget. Any comments?

A: I thought the Bombay Club was dismantled four years ago!

India: Chidambaram—Economic Reform To Continue

BK2607163496 Calcutta THE TELEGRAPH in English 25 Jul 96 p 8

[Report by Sham Lal]

[FBIS Transcribed Text] When some leaders of the Communist Party of India (Marxist) [CPI(M)] got mad at the tone and tenor of the pre-budget Economic Survey presented in Parliament last week by the Union finance minister, P. Chidambaram, one was reminded of a piece of burlesque in Alice in Wonderland: "'Will you walk a little faster,' said a whiting to a snail, 'there is a porpoise close behind us and he is treading on my tail.'"

It looked for a while that, if the CPI(M) porpoise had its way, it would not merely tread on the Union finance minister's tail but bite it off. It could not stomach the news that the reform process would continue on the very track the party had castigated for so long. And that there was every possibility of hastening the transition to a liberal economy. Some commentators even wondered whether the CPI(M) would withdraw its support from the ruling coalition.

The second act of this drama, however, took an entirely different turn. The party's fit of rage soon spent itself and it cooled down by the time Chidambaram concluded his budget speech. This was not because he had lurched to the left in panic. In fact, his budget proposals had some happy tidings for big business including a halving of the surcharge on corporate tax, a sanctioning of shares without voting rights up to 25 percent of the total and substantial customs and excise reliefs.

There is no getting away from the stamp of Manmohanomics the budget proposals carry. This is not only because the new finance minister was a member of the Congress government until the eve of parliamentary elections, but also because he is a confirmed liberaliser. He believes there is no alternative to continuing with the new course initiated in 1991 which took the national economy out of the dumps it was in at the time, put it on a high growth trajectory, achieved a record increase of seven percent in gross domestic product in 1995-96, and brought the rate of inflation down to less than five percent.

Chidambaram has good reason to feel happy at seeing the CPI(M)'s Somnath Chatterjee join the chorus of general approval of the budget proposals by captains of industry. Whether or not this would please hard liners in the CPI(M) — who managed to prevent the party from joining the government, even against the wishes of its secretary general and the West Bengal chief minister — can only be a matter of hunches.

What is certain is that the balance of forces both in the United Front and outside is against any break with, or discontinuity in, the reform process. Even the CPI(M) knows — whatever its ideologues may say for public record-that there is no alternative to a more liberal economic order, a sustained rate of growth of at least seven percent a year over a long period and an economic environment more attractive to both foreign and domestic investors. There is, in fact, a large element of make believe in the CPI(M)'s public relations exercises to bolster up its radical self image in the eyes of its cadres.

The new finance minister realises that, despite the recent gains, the economy is not yet healthy enough to take a great leap forward. Infrastructure, whether it is power production, highways, port facilities or telecommunications, is still most inadequate, needing investments on a massive scale which are not yet in sight. Whether the new measures Chidambaram has announced will succeed in mobilising the requisite resources is still doubtful. But if the results do not come up to his expectations, it will not be for lack of his trying to do his best.

He also makes no secret of his concern over the declining rate of growth in agriculture. How far his plans for much greater investment in this sector bear fruit remains to be seen. The country has been extremely lucky to have had a long series of good monsoons in a row. It cannot depend on such good luck forever and has to he prepared for the contingency of a year of

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drought. This further underlines the case for bringing the benefits of new technology to new areas and a more rapid development of agro-based industries for creating more jobs in the rural sector.

The finance minister's strenuous attempt to convince Parliament that he was adhering to the common minimum programme drawn up by the United Front — as if it was a storehouse of new and bright ideas — was a little overdone. The bitter truth about the tired cliche about "growth with social justice" is that an overwhelming part of the central revenues is preempted by four items — interest on old loans, defence, the salary bill of grossly over staffed government departments and subsidies on power, transport, food, fertiliser, diesel, kerosene and water. And that there is very little left for investment either in infrastructure or in social services and relief to the poor.

It is not surprising in this situation that all that the finance minister has been able to do for social services and alleviation of poverty is to make somewhat larger allocations for education, health care and housing for the poor. All this, however, does no more than scratch the surface of problems where worthwhile results require resources on a much larger scale.

The education system, for instance, is near collapse in many states like Bihar. Even elementary medicare is out of reach for millions of the rural poor. Such facilities as exist in the towns are under intolerable strain. As for housing, most big cities are fast turning to chaotic complexes of jhuggi-jhopdis [slum areas] and more and more families have no option but to live in a hole of a room in a stinking slum or join in the fast increasing ranks of the homeless.

The prime minister, H.D. Deve Gowda, not very articulate at any time has not said anything about the budget proposals except to sell these as a new charter for what he repeatedly called "the poorest of the poor". Who are the faceless millions to whom the promised relief measures are supposed to bring new hope for a better life? Surely, landless workers must be counted among them. An idea of the shadow that falls between the rhetoric of social justice and the destitute state of millions of families in most states can be had from what is going on in Bihar.

In this blighted state — run by a government headed by the president of the prime minister's own party-landless workers in many villages are terrorised as a matter of routine by landlords with an ample supply of licensed arms. They are forced to accept wages only a little more than a half of what is due to them under the law. In the Bhojpur area alone, many of "the poorest of the poor" have been shot dead by their oppressors without the government being able to do anything to protect them or make sure that they receive the wages fixed by it.

Juggling with figures in the budget often makes no sense to common citizens. But they have sense enough to see what is going on. One of them on television ruefully asked the self styled friends of the "poorest of the poor" why, when the government had recently jacked up the price of cooking gas by 30 percent at one go, it had done nothing to tax more heavily luxury goods of all kinds with which the markets in the big cities are awash.

The dilemma of policy makers everywhere in the early phases of the kind of changes this country is going through is that they often succeed in reproducing at home the same stark contrast between affluence and destitution that is so marked a feature of globalisation which vastly increases the disparities of income and wealth between nations. This, despite all protestations of parties of the left, right or centre about their desire to end poverty.

Perhaps after a decade or more of a high growth trajectory, there may be a general rise in living standards here due to what experts call the trickle down effect. But even in countries like China and Vietnam where one party still enjoys complete monopoly of power and is committed to a more equitable order, rapid development has fostered greater inequalities, encouraged crime and weakened community and social bonds. The same phenomena can be seen here at work in even more morbid forms.

Apart from the new social discontents which the transition to a market economy create and which can take on — as this country's experience has shown — pathological forms of religious fundamentalisms and ethnic militancies, the United Front government suffers from another grave handicap. That of the continuous sniping from its partners in the ruling coalition, each with its ideological hangups, not to speak of the heed it has to pay to the wishes of the Congress in regard to issues on which the latter feels strongly.

This makes the very durability of the government far more problematic than its sponsors or mentors want to admit. The very difficulties of reconciling the ambitions of leaders of the various constituent parties of the ruling coalition — each with its different moorings in class, caste, communal, ethnic or regional loyalties — can easily frustrate all attempts to evolve a national perspective.

The changeover to a federal setup, with more powers to the states, in so far as it requires a major constitutional amendment, may be a long drawn out process. The irony is that, even long before this, a government has

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emerged at the Centre which is itself more in the nature of a loose federation of regional and other parties. Deve Gowda will have to confront the implications of this development sooner than he imagines. The fuzzy identity of the new government can neither facilitate national integration nor bring about a "fusion of horizons", to use a phrase coined by a leading modern thinker.

It does not matter whether it was Karl Marx or V.I. Lenin who first used the phrase "parliamentary cretinism". In either case, it voiced a revolutionary's distrust of those members of the radical intelligentsia who put their trust in social change through majorities in democratically elected legislatures. This is a standing embarrassment to a party like the CPI(M) which has not quite given up yet its faith in a dictatorship of the proletariat. Even though it no longer fights shy of interpreting election results in terms of popular mandate, often doing some violence to election statistics to suit its own strategy.

This has given the phrase "parliamentary cretinism" a new twist. The recent popular mandate, according to the CPI(M), is for a coming together of all secular forces to dispel the spectre of communalism which haunts the national scene. But such an interpretation can hold good only if the Congress, is counted among the major secular forces, something which has always been distasteful to the CPI(M). The very rationale behind its idea of a third force was an alternative to both the Congress and the Bharatiya Janata Party. Little remains of it by now.

Whatever the character of the United Front as it is constituted today, it is a pathetic parody of the projected third force. Because it is dependent on support by the Congress which, with its 140 members, has a stronger presence in the Lok Sabha than the five largest parties in the ruling coalition put together.

In this situation, the phrase "social justice" — like "parliamentary cretinism" —has acquired a new ambience in which any meaningful alleviation of poverty remains a fiction while the spread of consumerism is a harsh reality.

India: Chief Economic Adviser Interviewed on Economic Turn Around

BK2607131796 Delhi BUSINESS STANDARD in English 26 Jul 96 p 8

[Interview with Shankar Acharya, chief economic adviser to the Government of India, by staff corresondent; place and date not given]

[FBIS Transcribed Text] Q: What is the broad macroeconomic outlook?

A: Well, I think, on the fiscal side the situation is now clearly laid out. In the interim budget we had highlighted the fact that the fiscal deficit would be held at 5 percent. Now a programme has been laid out on the expenditure side as well. Revenue mobilisation measures have been also announced. Taking the whole thing together, it is a different story from the no-action interim budget. As you must have seen from the update of the Economic Survey, it once again reiterates why we want to keep the fiscal deficit in control. This is not just an abstract totem figure.

Q: What about growth?

A. As you know, the CSO [Central Statistics Organization] has updated the growth figure for last to 7 percent and I have no better sources of information. The advance estimates for this year are 6.6 percent.

Q: And inflation?

A: We are talking of rates in the order of 6 to 7 percent.

Q: As soon as the petroleum prices were increased, inflation was said to go up to 6 to 7 percent. So are you saying that there is no effect of the Budget?

A: I don't want to get pinned down on this because it is beyond my ken. But one should distinguish between the average rate for the year and point to point to inflation. At least as far as the calendar year is concerned, I don't think we will see more than 7 percent. It might go up a bit after December 31. Or it might not. That depends on many other factors.

But I must clarify that there is a difference between the impact-effect of administered price rise — or for that matter had we done excise hikes — and the general equilibrium effect which will come into play after a few months.

The POL [petroleum oil and lubricants] price increase will figure in the wholesale price index and will also have a second round effect because it is going into the input-output system. But the general equilibrium effect is very important. If I as a consumer spend more on LPG [liquefied petroleum gas] or petrol, I have less to spend on other commodities as my income does not adjust instantly. The implication of that would be, I think, the prices of commodities other than the ones whose prices you have hiked the prices will, if not fall, grow slowly.

Q: But there's a cost-push effect...

A: But you see the whole point is that you cannot have cost-push independent of demand conditions. Suppose I hold the monetary conditions very tight, then six months from now even though petroleum prices show an increase, other prices could show a decline or a

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much smaller increase. So that would compensate for the increase in petroleum product prices.

Q: What are the monetary targets for the current year?

A: Though these things are not tightly integrated, a five percent fiscal deficit is consistent with a target of 15.5 percent that the governor of the Reserve Bank has set for this year. We should set it all right within a half percent of that as it is very difficult to know the exact growth of M3 or what it will be. In a broad sense, a 16 percent M3 growth...

Q: What about trade and industry?

A: Let me take industry first. Looking back at 1995-96, I have been pleasantly surprised that industrial growth remained so strong through the year. The data for March is now out and though I don't have all the details, it shows a growth of 9.8 to 10 percent on a month-to-month basis. Six months earlier, I had said that there might be some slackening in the growth of industrial output. But growth has been more than generally expected. As such we should be seeing at least 10 per cent industrial growth this year. While we don't have data for 1995-96, there are indications from CSO that private fixed investment is quite buoyant. This, along with the buoyant capital good imports, suggests a period of good industrial growth ahead.

Q: And trade?

A: I have just had some preliminary indication of June data, which seem to indicate that imports are growing at half the rate they were growing the year before. Exports are also growing very fast.

Q: Does that mean import growth in June was negative?

A: Or barely positive.

Q: And exports?

A: They have basically remained at the same level. I am not worried about exports. They are growing at around 14.5-15 percent for the whole quarter. As such, the manageability of the trade account and the sop [stock option plan] account is not a big worry.

Q: What do you see as the current account deficit for the whole year?

A: We haven't factored in the latest June data but making the usual assumptions, our view is that we are looking at a current account deficit in the range of 2 percent of GDP, somewhere around $10 billion. In our view, this is entirely sustainable.

Q: So capital flows will neutralise that?

A: I would say that net inflows. What we do see is a fairly strong growth in FII [Franked Investment Income] inflows. Apart from this, we expect to see around $3-4 billion of portfolio investment.

Q: What is the major thrust of expenditure in the Budget?

A: The numbers are there in the Budget. What can I add to that? But the thrust is on infrastructure and social spending.

Q: Has the effective rate of protection for Indian industry gone up as a result of the Budget?

A: It is hard to say. It depends on so many things. On the whole, though, I am not sure if I'd agree with you that the average rate of protection for Indian industry has gone up.

Q: The trade-weighted rate?

A: Even then, I would not agree with you. In fact, it has come down.

Q: What about subsidies?

A: If the trend was upwards over several years, I would worry. But not now. There is a strong case for doing something for agriculture and this is Al right in the overall scheme of things. Many distortions had to be removed, especially in fertiliser pricing. After all, agricultural production does seem to be stalling a bit. But I don't think these subsidies are going to go up year in and year out as a proportion of GDP for the next five years. That is not going to happen.

Q: Do you think the economy is ready for a sustained 6.5 to 7 percent growth?

A: I think we will have to work at sustaining a 7 percent growth. I am particularly worried about infrastructure bottlenecks, especially in power. These need to be sorted out quickly if we are to get up to sustained 7 per cent growth. It is not going to happen on its own.

Q: What are your major worries?

A: They are laid out in the update of the Economic Survey — infrastructure, agriculture and employment.

Q: Interest rates?

A: They are beginning to come down a bit.

Q: Aren't real rates too high?

A: They are, a bit. But investment has been booming in the last two years. But I would like to see the real rate of interest come down. But I certainly don't want to see a more rapid monetary expansion.

Q: Do you see a drop in the rate of inflation from 8 percent plus... ?

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A: I need to see some more data. But it is quite possible that what you are saying is happening. But like I said, I need to see some more data. Maybe six months from now we can come to a better judgement. Let's wait and see.

India: Senior Janata Dal Party Leader Resigns

BK3007024596 Delhi All India Radio Network in English 1230 GMT 29 Jul 96

[FBIS Transcribed Text] The former union home minister, Mufti Mohammad Sayeed, has resigned from the Janata Dal and also from the Rajya Sabha. In a letter to the Janata Dal president, Mr. Lalu Prasad Yadav, Mr. Sayeed said the resignation is in protest over the way the party and the United Front government is handling the Kashmir issue. Mr. Sayeed alleged that decisions on important matters and major policies are taken arbitrarily and he said he is writing separately to the chairman of the Rajya Sabha on quitting the membership of the house.

India: Janata Dal Leader Refutes Resigning Leader's Charges

BK3007035696 Delhi All India Radio Network in English 0245 GMT 30 Jul 96

[FBIS Transcribed Text] The Janata Dal leader, Mr. Sharad Yadav, has refuted allegations of the former union minister, Mufti Mohammad Sayeed, that there is no internal democracy in the party. He described Mr. Sayeed's resignation from the party as unfortunate. Mr. Yadav pointed out that the prime minister, Mr. Deve Gowda, is sincerely taking steps to hold assembly polls in the Kashmir Valley after involving all parties there. Mr. Sayeed, instead of taking part in the ongoing process, preferred to resign from the party, he said. Reacting to Mr. Sayeed's resignation, Mr. Yadav said the four-member committee, which included Mr. Sayeed, was already formed by the party to decide the Dal's strategy for the ensuing polls in the valley.

India: Police Blame 'Muslim Guerrillas' for Attack at Mosque

BK2907141996 Hong Kong AFP in English 1330 GMT 29 Jul 96

[FBIS Transcribed Text] SRINAGAR, India, July 29 (AFP) — Four people died and 70 were injured Monday [29 July] when a grenade exploded at a packed mosque in a tiny township of Indian-administered Kashmir, police said.

A second blast in the state summer capital of Srinagar left 15 others injured, officials here said.

The police earlier said two were killed and 50 injured in the grenade attack which occurred at 2:00 pm (0830 GMT) at the Hazrat Abu-Bakr mosque, packed with thousands of worshippers, in Rauchi, 70 kilometres (42 miles) from Srinagar. Twelve of the injured were children, officials said and added the explosion occurred when the men were offering prayers inside the complex to the Prophet Mohammad on his birthday.

"The grenade exploded when the male devotees were praying inside the mosque and the women and children were at a fair on the lawns outside," said an injured survivor, Nazir Ahmad.

Twelve of the injured have been rushed to a Srinagar hospital in critical condition, the police and doctors said.

The police blamed the grenade attack in Rauchi, a township in the northern Kashmiri district of Baramulla, on Muslim guerrillas spearheading a separatist campaign in the Indian-administered province.

So far none of Kashmir's two dozen militant organisations have accepted responsibility for the attack at the mosque, one of Kashmir's most sacred Islamic shrines.

In Srinagar, 15 people were injured when rebels exploded a hand-cart filled with explosives in an attack aimed at slaying two police officials in the city's Mausuma district, the police said.

The militant pushed the trolley-bomb towards the car of city police chief Asghar Ali Khan and blew it up, injuring 15 people in the crowded business district, officials said, adding a hunt was on for the bombers.

Khan and another city police official escaped unhurt, but the explosion blew out windowpanes of buildings and damaged two official cars.

Witnesses said four devotees were, meanwhile, injured in Mausuma when the police dispersed a Muslim procession.

Police burst teargas and beat up the devotees with canes and batons when they tried to march down to a mosque in the heart of Srinagar to celebrate the Prophet's birthday, they said.

It was not immediately known if the blast in Mausuma and the crackdown on the devotees in the same locality were linked.

The police said the procession was broken up to prevent it from turning into an anti-Indian rally.

Thirteen others died in overnight clashes in Kashmir, news agencies added.

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More than 12,000 people have died in Kashmir, India's only Muslim-majority state, since 1989, after the anti-Indian rebellion intensified.

India accuses Pakistan of arming Muslim militants in Kashmir. Islamabad denies the charge but extends moral and diplomatic support to what it calls a legitimate struggle for self-determination.

The two countries have fought two of their three wars over Kashmir since the subcontinent's independence in 1947.

Officials, meanwhile, said Pakistani troops shelled civilian homes in a frontier zone of Indian Kashmir, adding that no one was killed in the Sunday [28 July] overnight attack.

A police spokesman said Pakistani army gunners fired an unspecified number of shells into Kupwara Sunday evening damaging two houses.

"The Indian troops also fired back," he said without specifying if any damages had occurred to Pakistani positions.

The two countries frequently trade fire across the borders of Kashmir, two-thirds of which is administered by India.

Iran

Iran: IRGC Kills 'At Least 20' KDPI Activists in Northern Iraq

LD2907151896 Tehran IRIB Television First Program Network in Persian 1430 GMT 29 Jul 96

[FBIS Translated Text] During an operation to chase and crush counterrevolutionaries and insurgents in northern Iraq, at least 20 important members of the defunct [Kordestan] Democratic Party [of Iran, KDPI] were killed.

The Islamic Revolution Guards Corps [IRGC] issued a statement today saying: Insurgents and smugglers and counterrevolutionaries stationed in northern Iraq who, enjoying open and covert support from foreigners, every once in a while attack rural areas in the west of the country and inflict losses and casualties on the deprived people of those areas, attempted a similar move yesterday morning, Sunday [28 July]. Thanks to the full alertness and preparedness of IRGC units stationed in the west of the country the operation was completely unsuccessful and the corpsmen chased the insurgents and dealt horrific blows to them.

The IRGC statement added: During the operation to chase the insurgents and counterrevolutionaries, which was aimed at totally crushing them, while enjoying effective artillery support, the corpsmen surrounded the gathering place of the insurgents and counterrevolutionaries and killed or wounded dozens of them. The bodies of 20 important KDPI members stationed at their headquarters in the area were identified.

More than 60 percent of the political section, training camp, buildings belonging to four operational groups, and the assembly hall of the defunct KDPI and a large number of their vehicles were destroyed. Fortunately none of the local inhabitants was hurt.

In its statement the IRGC has sincerely thanked Iraqi Kurdish dissidents and the good people of al-Sulaymaniyah province. It added: The operation to crush the assailants and insurgents was completed successfully.

Iran: Clandestine Radio Says No Human Losses in Border Attack

NC2907180996 (Clandestine) Voice of Iranian Kordestan in Persian 1400 GMT 29 Jul 96

[FBIS Translated Text] Esteemed listeners. As we informed you earlier, on the evening of 26 July a large number of the Islamic Republic's Islamic Revolution Guard forces, who were equipped with heavy weapons, entered Iraqi Kurdistan via the Marivan border region. After traveling a distance of (?250) kilometers, on the evening 28 July they stationed themselves on the strategic areas and heights of the city of Qada Kuysanjaq.

After deployment, these forces attacked the headquarters of the Democratic Party of Iranian Kordestan [DPIK], as well as the homes of Iranian Kord refugees with heavy weapons such as cannons, mortars, and Katyushas a number of times. During this bestial onslaught the Azadi Hospital and the houses of Iranian Kord refugees were completely destroyed and set ablaze.

A statement was issued by the politico-military committee of the DPIK, which you will now hear:

Following the onslaught by the [Islamic Revolution] Guard Corps on the headquarters of the DPIK, and the Iranian Kordish refugees camp deep within the soil of Iraqi Kurdistan, a large number of supporters of the Kordish people requested that they be kept informed of the results of this aggression. Hence, we wish to state that due to the savage assault by the regime's forces, with its concomitant material losses, not a single residential unit has remained unscathed by the shells from mortars, cannons, and Katyushas. Most of them were demolished and set ablaze. Similarly, the Azadi Hospital has been completely devastated.

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However, due to the fact that we had received information of the enemy's plans earlier, before the blitz commenced, all the women and children living in the camp had been transferred to safe areas and the peshmergas had taken the necessary steps to save their lives. Therefore, fortunately, we have not had any loss of life so far. At the time this statement was prepared, 0900 on 29 July, the enemy's artillery fire has been halted.

[signed] the politico-military committee of the DPIK, 29 July 1996.

Iran: Opposition Views Attack by Regime's 'Mercenaries'

NC2907183596 (Clandestine) Voice of Iranian Kordestan in Persian 1400 GMT 29 Jul 96

[FBIS Translated Text] The blatant aggression and savage onslaught by the mercenaries of the Islamic Republic's regime has elicited a vehement reaction from [Iranian] opposition organizations and political factions. In this regard, the Iranian revolutionary workers' organization Rah-e Kargar [meaning the Path of the Worker] issued a statement denouncing the bestial attack by the Islamic Republic's regime [words indistinct] and the revolutionary forces of the Kurdish people, in order to expose (?the disarray) of the Islamic Republic of Iran. The complete text of this statement is as follows:

We condemn the attack by the Islamic Republic regime's forces on the central headquarters of the Democratic Party of Iranian Kordestan [DPIK]. On the basis of the statement by the political bureau of the DPIK that was issued today, a force of (?10,000) Revolution Guards of the regime armed with heavy weapons such as tanks, artillery, and Katyushas entered the soil of Iraqi Kurdistan via Marivan. Trampling over international laws, it passing through al-Sulaymaniyah and moved toward Qada Kuysanjaq and stationed itself on the heights adjoining the central headquarters of the political bureau of the DPIK.

According to the DPIK statement, the mercenary forces of the Islamic Republic's regime began shelling the central headquarters of the party as well as the residential areas of the Iranian Kordish refugees at 0600 this morning and completed their assault at 1000 in the morning with a ground attack.

Our organization strongly condemns the savage onslaught and the audacious deployment of the mercenary troops of the Islamic Republic's regime. The Islamic Republic, which is in the throes of a life-threatening crisis, is apprehensive of the Kordish people's movement, the activities of the combatants, and the peshmergas, and saw no recourse but to throw off all restrictions and to organize on a full-fledged and unprecedented incursion.

Our organization has always supported the rights of the Iranian people to decide their destiny, and the struggles of the Kordish people, and now also, we reiterate our solidarity with the members, the peshmergas, and all the cadres and combatants of the DPIK, who are locked in a struggle with the mercenary forces of the Islamic Republic's regime.

We call on all the revolutionary forces of the Kordish people in these sensitive moments, despite all their differences, to coordinate their actions in order to shatter the reactionary assault of the regime.

We ask all the leftist activists, and all the freedom-seekers of Iran, wherever they may be, to expose this criminal action of the regime, and to elicit the sympathy and solidarity of the workers and toilers of Iran for the just struggles of the Kordish people. Death to the Islamic Republic of Iran! Victory to the heroic struggles of the Kordish people

[signed] the executive committee of the revolutionary workers of Iran, Rah-e Kargar, 7 Mordad 1375, 28 July 1996.

Iran: Iranian Opposition Expresses Solidarity With DPIK

NC2907184996 (Clandestine) Voice of Mojahed in Persian 1600 GMT 29 Jul 96

[FBIS Translated Text] The National Resistance Council of Iran [NRCI] secretariat in Paris issued a statement yesterday regarding the savage attack by the clerical regime on the Democratic Party of Iranian Kordestan [DPIK] inside Iraq.

In this statement, the NRCI head and commander in chief of the National Liberation Army [NLA] strongly condemned the bestial aggression of the clerical regime, on Iraqi soil, against the DPIK and stressed: We will stand by the side of our Kordish brothers against the filthy clerical regime and the dastardly attacks of the regime will not have the slightest effect on the firm determination of the people and the peshmergas of Iranian Kordestan in their rightful struggle against the shameful government of the clerics.

The DPIK announced that the (?Patriotic Union of Kurdistan of Iraq) had cooperated in the planning and plotting by the regime ruling over Iran in its attack on the DPIK base and assisted the clerical regime's (?agents) by protecting them everywhere and that these operations had been carried out with the help of the PUK of Iraq.

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Iran: Dissident Leftist Calls Attack 'Humiliation' for Iran

NC2907211696 (Clandestine) Voice of the Worker in Persian 1430 GMT 29 Jul 96 (Tentative)

[Interview with Hasan Sharafi, member of the political bureau and central committee of the Democratic Party of Iranian Kordestan and head of the Voice of Iranian Kordestan radio—place and date not given]

[FBIS Translated Excerpt] [Announcer] In your capacity as a member of the political bureau of the Democratic Party of Iranian Kordestan [DPIK], what events led to this unprecedented deployment?

[Sharafi] Thanks to you and the directors of the Voice of the Worker for arranging this interview, I will answer your question by saying that the repression of the Kordish people by the Islamic Republic of Iran's regime stems from their longstanding demand for democracy in Iran and autonomy for the people of Iranian Kordestan and is not related to any specific event. This repression has always existed, in all its various forms. This is just one of its manifestations. [passage omitted]

If I wish to put it succinctly, this deployment of forces is a manifestation of the greater repression exercised for many years by the Islamic Republic of Iran inside the country against all the freedom-seekers of Iran, such as the university staff and students, writers, publishers, and in general against all the people of Iran.

[Announcer] I want to ask you: In the past, the regime had carried out similar attacks on revolutionary forces in Kordestan. What is the difference between the latest attack and those in the past?

[Sharafi] As you stated, the residential areas of Iranian Kords in Iraqi Kurdistan, including Iranian Kordish refugees as well as political organizations, have been subjected to aerial and artillery attacks in the past. The difference between this attack and the military operations of the regime against the Kordish combatants in the past on the soil of Iraqi Kurdistan is that this time the regime has aggressed against the boundaries of a neighboring country's sovereignty by launching a ground military attack of its forces against the DPIK and the homeless Iranian Kords.

An attack of such an extent, in this form, and in such a manner, as I said earlier, is truly unprecedented. [passage omitted]

In Iraqi Kurdistan, in view of the distinctive circumstances prevailing there, the Islamic Republic of Iran has gained a more free hand as regards its previous conduct. The repercussions for the Islamic Republic of Iran for this violation of international law will depend on the stances of those countries that adhere to international norms and regulations; to what extent they protest to the Islamic Republic of Iran on the issue, and if they do protest, what form and format such an objection will take.

On principle, the question that must arise in the minds of listeners of the Voice of the Worker is: In such circumstances, when the Islamic Republic's regime has carried out a repressive act with the deployment of forces beyond its borders with such savagery and (?brutality) against the Kordish people, how does it treat each of the individual Kordish people within the country? [passage omitted]

[Announcer] I thank you once again for sparing some time, during such sensitive circumstances, for the Voice of the Worker radio and I will now conclude the interview. However, I consider it necessary here to stress that our organization—similar to all other leftist revolutionary forces—has consistently supported the heroic struggle of the Kordish people for the vindication of their national rights. Here I wish to declare for you our revolutionary solidarity with all the peshmergas, cadres of the DPIK, who at this juncture are embroiled in a difficult struggle against the criminal murderers of the Islamic Republic of Iran. We hope that this onslaught, this savage attack by the regime, will encounter complete defeat and this aggression by the Islamic Republic of Iran—as with all its other repressive acts—will only bring it greater humiliation and erosion of its credibility.

[Sharafi] I wish to thank you also for arranging an interview in such circumstances, and precisely on this day, when we have suffered an attack by the Islamic Republic of Iran's forces and still you have come to see me and talk to me during this aggression by the Islamic Republic of Iran against our Party, and in fact, against all freedom-seekers. This is an expression of your compassion. Permit me to express gratitude on my behalf, as well as on behalf of the DPIK's cadres, members, and peshmergas, to you, to the Rah-e Kargar organization, for your sympathy and cooperation with us in all circumstances. Once again, I thank you and all those in the Voice of the Worker radio.

[Announcer] Thank you.

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Iran: Iranian Raids Into Iraq Blamed on U.S. Policy Toward Saddam

MS3007103696 London THE GUARDIAN in English 30 Jul 96 p 9

[Report by David Hirst: "Iran Raid Strengthens Grip on Northern Iraq"; all names as published]

[FBIS Transcribed Text] Beirut — Iranian armed forces said yesterday they had concluded their military operations inside the Western-protected Kurdish enclave of northern Iraq. The raid represented an almost contemptuous display of Iran's steadily growing influence in the region.

According to reports from Kurdistan, up to 2,000 Revolutionary Guards entered Iraqi territory on Saturday [27 July] night at various points and converged on the historic town of Koisinjak, 50 miles from the frontier. Refugees were reportedly still fleeing their advance yesterday.

Their objective was to destroy an anti-Iranian Kurdish resistance camp. Exiled Iranian Kurdish leaders and their families were living there under the nominal protection of Iraqi Kurds.

Iran recently accused them of attacks inside Iranian territory. It claimed yesterday to have killed dozens of "counter-revolutionaries" in its offensive.

The raid shows that Iran is now the main player in the "liberated" Kurdish territory which the Western allies have been protecting from the air since the Gulf war.

"This is the idiotic result of US policies toward Saddam," said a pro-Western Iraqi politician. "Operation Provide Comfort has come to mean providing a platform for the mullahs to do as they please."

Among other things, the mullahs can give whatever support they choose to anti-Turkish Kurdistan Workers' Party (PKK) guerrillas entrenched in the enclave.

They are also well placed to deny the United States a part in managing President Saddam's overthrow and shaping the succession.

Ayatollah Bakr Hakim, the Iranian-backed Iraqi opposition leader, yesterday confirmed reports that President Saddam recently foiled a US-Jordanian military putsch against him. "The real meaning of his statement is the message it conveys to the US: if you have the right to try and overthrow Saddam, so does Iran — and better means too," said the pro-Western Iraqi politician.

The fratricidal struggle between the two main Kurdish parties — Massoud Barzani's Kurdistan Democratic Party (KDP) and Jalal Talabani's Patriotic Union of Kurdistan — gave Iran its great opportunity in northern Iraq.

The US failed to mediate an end to the parties' conflict and they turned to Iran instead. As a result, Iran now has tentacles from humanitarian missions to intelligence bureaus, all over the north.

The latest raid merely underlines the extent of its ascendancy over all Kurdish factions.

The KDP was recently trying to fight the PKK, unsuccessfully, on Turkey's behalf. In despair it has switched its affections to Damascus.

The deep-seated reluctance by the US to embark on an active anti-Saddam policy from the north is at the root of its loss of influence in the region to Iran.

But however alarming that may be, it cannot frighten the Kurdish factions back into line by threatening to end Operation Provide Comfort. That would be a huge triumph for President Saddam.

Iran: Envoy to UN Affirms Iran's Right To Suppress Cross-Border Raids

LD3007104196 Tehran IRNA in English 0657 GMT 30 Jul 96

[FBIS Transcribed Text] New York, July 30, IRNA — Iran's mission to the U.N. said the Islamic Republic reserves the right to self-defense and counter the attacks on its border cities by anti revolutionary groups from Iraqi territory. In a letter Monday [29 July] to U.N. Secretary General Butrus Butrus-Ghali, Iran's representative to the U.N. Kamal Kharrazi, said that under the prevailing circumstances, the government of Iraq is not in a position to exercise effective control over territory in the northern part of that country.

As a result, trans-border armed attacks and sabotage operations against Iranian border towns by terrorist groups originating from Iraqi territory, have escalated in recent weeks. Stressing the attacks have caused numerous human casualties and material damage to the civilian population, he underlined that these incursive and cruel activities constituted a grave violation of the sovereignty and territorial integrity of the Islamic Republic of Iran,

"In response to these encroachments by terrorist armed groups and in accordance with its inherent right to self-defense as enshrined in Article 51 of the U.N. Charter, Iran took immediate and proportional measures that were necessary to curb and suppress such aggressive activities," he added.

Iran's permanent representative to the U.N. also mentioned in his letter that on July 28, 1996, Iranian defense

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forces pursued retreating armed groups that attacked civilian targets in the border towns of Piranshahr, Mahabad and Orumiyeh in northwestern Iran and targeted their training camps in Iraq.

Kharrazi, meanwhile, reiterated Iran's respect for the territorial integrity of Iraq.

Iran: Daily Backs Reaction of Iranian Forces in Northern Iraq

LD3007104696 Tehran IRNA in English 0832 GMT 30 Jul 96

[FBIS Transcribed Text] Tehran, July 30, IRNA — The English-language daily 'IRAN NEWS' Tuesday [30 July] backed the Sunday's [28 July] shelling by Iranian forces of anti-revolutionary grouplets inside the Kurdish controlled northern Iraq, saying it was natural and justified.

The editorial said that certain vested interests have always tried to undermine the Islamic republic's sincere and noble efforts in maintaining peace on its borders thus forcing Tehran to reluctantly punish the culprits.

Referring to the conspiracies hatched by enemies of Iran to damage its territorial integrity since the victory of the Islamic revolution in 1979, the paper said in order to achieve their unholy goals they have tried "to inject new life into the carcass of grouplets such as the Kurdish Democratic Party and Komaleh."

Stressing that the two grouplets have no popular bases in Iran because of their allegiance to enemies of Iran, it said their activities are limited to robberies, extortion and planting explosives to terrorize civilians living near the Iran-Iraq border.

"The Iranian reaction is also justified in the light of the fact that these terrorists received a green light for their anti-Iran activities from certain Western countries who are present in the Iraqi Kurdistan."

The paper called for holding of a tripartite meeting of Iran, Syria and Turkey to clean the slate in northern Iraq.

Iran: Tehran Responds To U.S. Criticism of Cross-Border Operation

LD3007145996 Tehran Voice of the Islamic Republic of Iran in English 1130 GMT 30 Jul 96

[Unattributed commentary]

[FBIS Transcribed Text] U.S. State Department spokesman, Nicholas Burns, on Monday 29th July, in a speech pointed to what he called Iran's intervention in northern Iraq, calling for the withdrawal of Iranian forces from northern Iraq.

According to AFP, U.S. Foreign Ministry's spokesman in a reaction to Iran's deteriorating measures against counterrevolutionary groups stationed in Iraq also stated that from Washington's viewpoint, there is no reason for Iran's intervention in the region.

The U.S. State Department's spokesman claimed on Iran's intervention in northern Iraq comes at a time when over the recent few days several border points of Iran and Iraq have been a target of aggression of anti-revolutionary grouplets stationed in Iraq. Following these aggressive measures, the Islamic Revolution Guards Corp have performed operations in response to the aggressions in order to pursue the counterrevolutionary elements. In a declaration issued on this occasion on Monday it is stated that during the said operations, with the aid of artillery and a complete occupation of the gathering of anti-revolutionary forces, dozens of counterrevolutionary rebels were killed or wounded.

During this operation more then 60 percent of political office, the training barracks, and the establishment of ominous faction democrat was destroyed [as heard]. The Islamic Republic of Iran has warned many times that it would not tolerate the invasion of its borders and it follows sensitively this issue, especially about its borders with Iraq, due to the status of the northern region of this country.

Therefore, the strict actions of the Iranian forces responding to the recurring invasions of anti-revolutionary elements stationed in Iraq are expected. However, it seems from the allegations of the American Force Ministry's spokesman that Iran intends to interfering in northern Iraq's affairs. To respond to this claim it should be said that the issue of lack security in northern Iraq is mainly the result of the political and military interference of the United States in this region. And this problem has caused hardship for Iraq's neighbors. It should be mentioned that Iran does not intend to interfere in the issues of a neighboring country, but counter-wise Iran calls for the sovereignty and return of tranquillity to northern Iraq. But this policy does not mean that Iran will stay silent toward the possible invasions like the one last week, because this is a breach of sovereignty of a country, and the Islamic Republic of Iran will not hesitate to react towards these invasions.

Iran: Two Dailies Condemn Bomb Blast in Atlanta

LD2807144496 Tehran IRNA in English 0705 GMT 28 Jul 96

[FBIS Transcribed Text] Tehran, July 28, IRNA — Two English dailies Sunday [28 July] denounced the Saturday [27 July] blast in the Olympic city of Atlanta calling for the punishment of those responsible.

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"Whatever was the motive behind the bomb blast, the act is totally unjustified and the culprit should be brought to justice," said 'TEHRAN TIMES'.

Reminding that the games are a series of competitive sport events participated in by amateur athletes, the editorial said it is no place for pursuing political ends.

"Thus, any dastardly act taken to jeopardize the games, such as that which occurred yesterday, can be likened to piracy — a crime against humanity and the entire community of nations," it said.

Stressing that the culprit should be arrested, tried and meted the punishment that he rightly deserves, the paper added that leniency has no place where the crime is of such a stature because "it can only be breeding ground for recidivism."

"Now is the time to test the resolve of nations to put an end to international terrorism," said TEHRAN TIMES adding, "we are sure the spirit of Olympic will triumph."

"Unequivocally these blasts and other similar acts of wanton violence are to be condemned by all whose hearts still beat for human beings no matter where and who they are, with the exception of oppressors and terrorists," said 'IRAN NEWS' commenting on the same subject.

The editorial said that no excuse or justification is acceptable as a motive because the lives of innocent civilians are at stake.

Turning to the root causes of such moves, it said causes of different terrorist attacks could be different from place to place.

In case of the U.S., due to its advances in technology, its ordinary citizens are able to make powerful home-made bombs and even highly sophisticated explosive devices in their home laboratories. It added, "in fact; in the U.S., social justice is sacrificed at the altar of unrestricted personal freedom."

Iran: Daily Comments on Atlanta Olympic Park Explosion

LD2907124096 Tehran IRNA in English 0805 GMT 29 Jul 96

[FBIS Transcribed Text] 29 Jul 29, IRNA — An English daily Monday [29 July] commented on the bomb blast at Atlanta Olympic park, the explosion of the TWA Boeing 747 and the bombing of a U.S. military base in Saudi Arabia saying the unrealistic outlook of U.S. officials seems to be the basic reason. After the disintegration of the Soviet Union and end of the Cold War, U.S. leaders believe this country to be the sole superpower and display extra arrogance in the international arena, KAYHAN INTERNATIONAL wrote. Referring to the recent moves of the U.S. against the Islamic Republic of Iran, it stated that such U.S. arrogance has been openly abhorred by almost all nations of the world, including its European allies. Washington's blind support of the Zionist state is disliked by many Americans, it said adding, "Clinton has made no secret of his complete support for Israeli lawlessness and state-sponsored terrorism in Palestine and Lebanon." The editorial further underlined that the responsibility for the recent "murderous acts" against the Americans lies with their leaders. It concluded by urging those who decide policy in the U.S. to realize the truth that people of the world, irrespective of the fact whether there is one or more superpower, are not willing to take it for granted that Washington is their master.

Iran: Commentary Views Reaction to U.S. Sanctions Against Iran

LD2607140696 Tehran Voice of the Islamic Republic of Iran in English 1130 GMT 26 Jul 96

[Unattributed station commentary entitled: "Reflection of the Ratification of the Legislation to Intensify U.S. Imposed Embargoes Against Iran in the U.S. Congress"]

[FBIS Transcribed Text] The American Congress ratified the legislation to boycott the oil companies dealing with Iran and Libya, called as the D'Amato Law, on Tuesday 23 July. As expected, this U.S. action faced negative reaction, especially from the European Union. According to news agencies, the highly circulated press of Europe — in Germany, Italy, France, and England — as well as criticizing the recent decision of the American Congress, heralded the harsh reaction of the European political scenes against the United States. According to the central news bureau from Bonn, the newspaper DEUTSCHE ZEITUNG, published in Germany, wrote in an editorial, under the title of "U.S. breeching the international laws," that the American official, fearing economic and political isolation, are trying to encourage other countries to follow their policies.

The Italian highly circulated press, pointing to the European economic interests in Iran, recalled the negative reaction of the political scene and the Italian public opinion toward the U.S. decisions. In the continuation of negative reactions, the Russian foreign minister condemned the ratified legislation in the American Congress on the U.S. economic punitive measures against the foreign companies investing in Iran and Libya on Thursday 25 July.

The Russian Foreign Ministry spokesman said in a press conference that Russia considers the U.S. action

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as a step against the current laws in international ties. This Russian official further reiterated that the recent ratification in the American Congress is invading the economic rights of other countries like Russia, and if the legislation is implemented, Russia will also take the necessary measures to defend its interests.

According to political experts, by the ratification of the intensification of the U.S. imposed embargos against Iran and Libya, the United States is calling on Europe to struggle to defend its economic interests against the decisions and tendencies of the U.S. This is why the harsh reaction of the European Union and the political and economic scenes in other countries against the United States is completely natural. These reactions will certainly pressurise Washington more than ever.

However, due to the fact that under the current circumstances the American Government is on the verge of the presidential elections, it is forced to take more pressures in its foreign policies. Meanwhile, according to political experts, the negative interactions spawned from disagreements between the United States and Europe will influence the future government of America.

Iran: Velayati on Iran's 'Crucial Role' in Hizballah-Israel Swap

LD2907131996 Tehran IRAN NEWS in English 23 Jul 96 pp 1, 13

[Unattributed Article: "Iran Played Crucial Role in Hizballah-Israeli swap"]

[FBIS Transcribed Text] Tehran — Iran played a 'crucial role' in Sunday's swap which led to the return to Israel of bodies of two Israeli soldiers missing in Lebanon since 1980, said Foreign Minister 'Ali Akbar Velayati yesterday.

"Iran along with Germany played a crucial role in making the deal a success," Velayati said to 'Iran News' in an interview yesterday.

Germany's secret service chief Bernd Schmidbauer was in Tehran recently and played an effective role in further solidifying the relations between Iran and Germany.

Responding to 'Iran News' question, Dr Velayati confirmed for the first time that Schmidbauer had visited Tehran recently.

Schmidbauer, with the coordination of the German Foreign Ministry, succeeded in bringing the two governments in Tehran and Bonn closer together.

German Foreign Minister, Klaus Kinkel, also had his role to play for better Irano-German ties, the minister said.

In an unprecedented event, on Sunday, there was an exchange of prisoners and bodies between Israel and Hizballah.

Israel returned 123 anti-Israeli combatants and sent them to South Lebanon under supervision of the International Committee of the Red Cross (ICRC), and Hizballah returned the bodies of two Israelis killed in Lebanon ten years ago together with several mercenaries of the Israeli proxy, the South Lebanon Army.

Velayati said that in the light of growing relations between Iran and Germany, occasional exchange of views should be carried out by the two countries.

If problems erupt, the two countries, with mutual cooperation, should solve them, he said.

What Iran wanted was to bring Hizballah of Lebanon and the German government closer through negotiations, he said.

Germany wanted to have a significant role in the Middle East, he said.

Germany, like France, has close relation with Iran and also expected to be active in the region with the assistance of the Islamic Republic, Velayati said.

He was referring to the April carnage committed by the Zionist regime against the civilians in South Lebanon. Iran helped France to play its due role in the region which resulted in an unwritten cease-fire.

"It was good for the Lebanese people land the Hizballah because they could recover the bodies of their fighters who had sacrificed their lives in the struggle against the Zionists," he said.

Velayati also confirmed that some Islamic combatants were among those freed by Israel.

Iran: U.S., Zionist Efforts To Mar Argentine-Iran Ties Scored

NC2607102296 Tehran SALAM in Persian 18 Jul 96 p 12

[Unattributed commentary: "Argentina and the Strategy of Spereading Lies by America and the Zionists"]

[FBIS Translated Text] Since the victory of the Islamic Revolution and especially during the past few years, America and the Zionists have used all their extensive worldwide propaganda apparatus to portray themselves as the oppressed and to distract world public opinion from their own oppressive and aggressive criminal policies. In occupied Palestine and in southern Lebanon they have followed a strategy of insults, calumnies, and lies against the Islamic Republic of Iran and other

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countries that are pursuing independent policies. And within this context, they blame Iran for their defeats and failures in the Middle East so that they can divert their public opinion and world public opinion from their own wrong policies. They do not even hesitate to perpetrate subversive acts with their intelligence agents in various countries around the world so that they can accuse Iran of interfering and thus upset relations between Iran and various countries and poison Iran's friendly atmosphere with other countries. Thus they paint a distorted picture of Iran.

An example of this was seen after the explosion at the Jewish Center in Buenos Aires in 1373 [1994]—an incident which once again proved the terrorist nature of the Zionist regime. Undoubtedly this explosion only served to benefit the Zionists and help them to achieve unprecedented strength and influence in Argentina, which they then used to impose their wishes on the Argentine Government.

America and the Zionist circles try to use other countries to achieve their own ends. Those countries that are ready to act according to their wishes do so only for the sake of receiving financial aid.

More than two years have passed since the explosion at the Jewish center in Argentina. Various allegations and accusations have been made and various scenarios prepared in a bid to draw the Islamic Republic of Iran into this incident. Despite all their efforts, neither America nor the Zionists have been able to produce a bit of proof for their baseless accusations. Nevertheless, they continue to pressure the Argentine Government not to retract its accusations and to prevent the improvement of relations between Argentina and the Islamic Republic of Iran. This is being done at a time when Argentine officials admit that Iran is innocent. Specifically, the Argentine foreign minister stated during his visit to America in Ordibehesht [month ending 21 May] that America has still not produced any documentation of Iranian involvement. This statement is itself an admission that not even the slightest proof exists, that all the accusations are baseless, and that Iran is innocent. At any rate, it would be good if Argentina alertly confronted this issue and informed its people of the realities. Taking Argentina's experience into consideration, the other Latin American countries should also be vigilant and alert so that the Zionists will not be able to use the same strategy to try to harm their relations with the Islamic Republic of Iran.

Iran: Israeli Attack 'Opportunity' for Arab-European Relations

96LA0236A Tehran IRAN in Persian 25 Apr 96 p 4

[FBIS Translated Text] Today as the bloody and savage Zionist attack on Lebanon enters its third week, and world public opinion is gradually understanding the extent and the effects of the fire the Zionists have ignited in this defenseless land, the outwardly calm atmosphere in the Middle East now reveals its internal chaos and crisis in noisy cities and in Beirut. Lebanon is a tableau that displays everything for all the countries and societies who were impatiently waiting for the results and fruits of their investments in the Middle East compromise program.

Both Europe and the Arabs who were America's primary partners in the compromise process now see that their calculations and ideas were wrong and that their investments have been wasted. In the same way that America used the results of the Persian Gulf crisis to take control of events in this region, it is now using the crisis in Palestine and Lebanon to advance its interests and those of the Zionist regime. The Arabs and Europe are once again seeing the collusion between Washington and Tel Aviv to scatter and confuse the resources in the region.

Therefore, the crisis in Lebanon is a new window on the governments clashing in the old Middle-East crisis. On the one hand, the Arab governments who have softened their positions towards the Zionists with the encouragement of the White House now find themselves up against the fearsome and destructive face of the Zionist regime, and they are facing the reality that Tel Aviv will not hesitate to use any opportunity to attack and destroy any one of them it wishes. On the other hand the Europeans, who have tied their vital interests to the fate of this land, are realizing that they must take an independent path to bring peace and security back to this region. Otherwise, America's political measures will destroy what little is left of their relations with the governments of the Middle East.

Thus the new era in the dealings between the Arabs and the Europeans concerning the Middle East crisis is mixed with a kind of realism, and their programs and proposals for solving the problems in Lebanon have a new character. Most of all, the French have taken the initiative in making these changes. The content and provisions of the peace program that Paris has presented in this regard, apart from the ways in which it differs with the content of the U.S. program, guarantee a reappraisal and a change that must take place in the boundaries of the Middle East crisis (the borders of Lebanon and occupied Palestine). This program depends

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on the presence of international forces and observers at the boundaries of the Middle East crisis and the departure of Jerusalem's occupation forces from these points. In reality, this would lead to the defeat of the U.S. political monopoly and also to the closure of one of the Jerusalem occupying regime's historic channels of power. In other parts of their program, the French have also made the 1993 agreement between the hezbollah and the occupation regime as the basis for peace and cease-fire in Lebanon. Once again, the political balance in the region would tilt in a direction contrary to the direction desired by Tel Aviv and Washington. This is because they are very afraid of facing the hezbollah as a primary counterpart and adversary in negotiations and war. They consider that accepting them would amount to a full victory for the revolutionaries.

It goes without saying that the European governments, to restore former conditions and also to protect their sensitive economic and historical relationships, which are now being assaulted by Tel Aviv, must confront Washington as the source that nourishes this aggression and playing with fire. Now the bloody disturbances in Lebanon, because of the public opinion revolt in the region and in the world against the White House, provides the best opportunity for carrying out any program and making any change in the political conditions in the Middle East for Europe and the Arabs.

Iran: Larijani Hails 'Exceptional' Relations With China

LD2607145596 Tehran IRNA in English 1108 GMT 26 Jul 96

[FBIS Transcribed Text] Tehran, July 26, IRNA — "Relations between the Islamic Republic of Iran and China is exceptional," a senior Iranian official said here on Friday [26 July].

Vice-Chairman of the Foreign Relations Commission of the Majlis, Dr. Mohammad Javad Larijani, citing the importance of ties between Iran and China, said, "it should be noted that the situation of Asia has changed dramatically in view of the rapid transformation that have taken place in the last decade of the 20th century, and relations between Iran and China is an important indicator of the fact."

The official was commenting on Irano-Chinese ties after receiving his Chinese counterpart, Zhu Chizhen, who is in Tehran leading a parliamentary delegation.

The visit comes ahead of the inter-parliamentary conference to be held in Beijing. Larijani assessed the visit by the Chinese delegation to be very sensitive.

He added that bilateral relations would be reviewed in accordance with the latest developments in the world, new horizons of ties would be discussed and a parliamentary friendship group is expected to be established.

Larijani pointed out that the inter-parliamentary group of the Islamic Republic of Iran has played an active role, and it has pursued specific goals and policies as a consequence of which nations around the world have become attracted to these new ideals.

He finally stated that the two sides are expected to review bilateral relations from different angles thoroughly.

Iran: Foreign Minister Meets Visiting Chinese Parliamentarian

LD2707205196 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 1930 GMT 27 Jul 96

[FBIS Translated Text] Zhu Chi Zhen, deputy chairman of the Foreign Relations Committee of the National People's Congress of China, met 'Ali Akbar Velayati, the foreign minister, on Saturday [27 July] to discuss the expansion of the friendly ties between Tehran and Beijing and cooperation between the two countries in international arenas.

Speaking about international affairs, the deputy chairman of the Foreign Relations Committee of the National People's Congress of China noted Beijing's opposition to the policies and values imposed by the United States, and interference in the internal affairs of other countries. He added: We are against the embargoes imposed by the United States on independent countries and we believe that the continuation of these bullying policies, which have even aroused the opposition of that country's allies, will lead to the isolation of the United States.

Velayati, for his part, described the relations between Iran and China as valuable and as having deep, historical roots. He added: From the point of view of the two countries, these relations are long term and important. He also said that the recent measures taken by the U.S. Administration were a result of internal rivalries and of disregard for the interests of other countries. He said: For this reason, countries are standing up to the irrational policies of the United States in the field of international relations and commerce.

Zhu Chi Zhen also met 'Ala'eddin Borujerdi, deputy foreign minister for Asian and Pacific affairs, on Saturday afternoon to discuss bilateral relations and important regional and international developments.

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Iran: Majles Speaker Meets Visiting PRC Parliamentarian

LD2707111796 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0930 GMT 27 Jul 96

[FBIS Translated Text] In a meeting today with the vice-chairman of the PRC National People's Congress [NPC] Foreign Relations Committee, Majles Speaker ['Ali Akbar] Nateq-Nuri, said the U.S. economic sanctions against Iran would prove fruitless. He said: Today, many countries are interested in expanding their ties with the Islamic Republic of Iran.

The speaker added that the solidarity of Asian countries in the face of the international hegemonistic order was absolutely essential. He said: The United States is frightened of the capabilities of any other country. It therefore tries to create problems for all developing countries in any way it can. Moreover, U.S. interference in other parts of the world demonstrates the aggressive and domineering nature of that country.

Nateq-Nuri then referred to the long-standing relations between Iran and the PRC and the numerous common features shared by the two countries. He called for bolstering Iran-PRC bilateral ties and the exchange of knowledge and expertize in the field of economic development.

The speaker also urged greater cooperation between the two countries in international forums saying: The forthcoming inter-parliamentary conference in Beijing will provide a good opportunity to exchange views and ideas and prepare the ground for more cooperation between the two countries in the desired areas.

In this meeting, the vice-chairman of the NPC Foreign Relations Committee underlined the importance of sincere relations between Iran and China, adding: Both the Iranian Majles and the Chinese NPC play important and fundamental roles in their respective country's political processes. Therefore, the expansion of parliamentary ties between the two countries is highly important.

He also stressed the importance of Iran and China exchanging their economic knowledge and expertize.

Iran: ABRAR on India's Nuclear Stands, Russia's Mediation

NC2607113996 Tehran ABRAR in Persian 17 Jul 96 p 12

[Commentary by M. Molazehi: "Encouraging India to Rectify Its Nuclear Stands"]

[FBIS Translated Text] America and Russia are exerting relatively coordinated and extensive efforts to convince Pakistan and India to adhere to the Nuclear Non-Proliferation Treaty [NPT]. America's efforts have apparently been effective in Pakistan, and some Pakistani officials have said that they will not obstruct the collective signature of the NPT in Geneva. Following the relative success in America's efforts, the Russian Government too sent a high-ranking delegation from its foreign ministry to New Delhi to encourage the Indian Government to rectify its stands on making the signing of the pact conditional on a time-table for the destruction of the nuclear arsenals of the five major nuclear powers.

In their meetings and talks with Indian officials in New Delhi, the Russian delegation put forth a specific plan on lifting the Geneva nuclear talks out of their current impasse. According to this plan, the Indian and Pakistani governments, plus the Zionist regime, will sign the new NPT whenever they discern it to be expedient, and the five major nuclear powers will vote in favor of the renewal of the NPT at this point. Moreover, according to the Russian plan, India can make the signing of this pact conditional on the publication of a joint statement by the five nuclear powers on their intention to destroy their nuclear arsenals, without stating a specific date. Therefore, we see how Russia has propounded a more comprehensive plan, the implementation of which will mean that both sides will have to retreat from their former stands and adopt a more acceptable stand. But we should see whether the practical grounds for this exist or not.

Even though it is not impossible for India to accept the Russian plan, this will not be very simple since India has concentrated its strategy on the destruction of the nuclear arsenals of the five major nuclear powers. The fact that the Russian delegation said in New Delhi that India's stand is understandable but that this should not threaten the NPT shows that Russia is not very dissatisfied with India's stand or, at least, that it is not dissatisfied on the American and British levels. [sentence as published] During the Geneva talks, China adopted a stand more or less similar to the Russian stand on India. Therefore, this peace-seeking plan of Russia's may possibly encounter much more favorable grounds than in the past, especially the part of the plan that grants India, Pakistan, and the Zionist regime the opportunity to adhere to the pact in the future. This should be regarded more positively in India. Although it is not clear whether the Russians previously agreed with the Americans on adding the Zionist regime to the draft of their proposals, the significance of this possible agreement is in that America has always basically considered the Zionist regime as an exception and its nuclear stand as indisputable.

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At any rate, India's stand on nuclear weapons is understandable, and it will probably be supported by the Third World countries. However, it is very doubtful that the nuclear powers are ready to understand the need to destroy their nuclear arsenals; and this is why Russia's mediation plan has a better chance to succeed. And on this basis one can say that after a relative rectification in the stands of Pakistan, more attention will be concentrated on encouraging India to adhere to the NPT. But this will succeed only when India retreats from its former stance or, at least, if it is satisfied with the joint promise by the nuclear powers that they intend to destroy their nuclear arsenals, without stating a specific time-table for this.

Iran: Canadian Ambassador Notes Need To Strengthen Economic Ties

LD2707155596 Tehran IRNA in English 1228 GMT 27 Jul 96

[FBIS Transcribed Text] Tehran, July 27, IRNA — Canadian Ambassador to Tehran Donald McLennan in a meeting with the head of Iran's Chamber of Commerce, Industries and Mines, Alinaqi Khamoushi on Saturday [27 July], said that the Islamic Republic of Iran can act like other southeast Asian countries in the Middle East.

Before leaving Tehran, the outgoing ambassador referred to the age-old Iran-Canada trade relations and said that Iran in its trade and industrial policies should opt for an open economy in the world markets. Canada will do its best to promote bilateral trade relations with Iran, he added.

The number of the trading companies jointly owned by the two countries should be increased and Irano-Canadian economic cooperation should be boosted, the ambassador added.

McLennan termed the inauguration of the EDC [as received — expansion unknown] economic department in Iran as one of the important factors in expansion of the bilateral economic ties.

Khamoushi on his part expressed satisfaction over fast growing trend of bilateral trade ties and hoped that in the near future it will touch a desirable level.

Iran: Iranian Envoy, OIC Chief Discuss Bosnia, Palestine

LD2807160096 Tehran IRNA in English 1303 GMT 28 Jul 96

[FBIS Transcribed Text] Abu Dhabi, July 28 IRNA — Iran's Ambassador to the Jeddah-based Organization of the Islamic Conference (OIC) Sabah Zanganeh and OIC Secretary General Hamid Algabid in a meeting on Sunday [28 July] discussed issues releting to Palestine and Bosnia-Herzegovina. Zangeneh briefed Algabid on Tehran's hosting of the third session of the telecommunications ministers of OIC member countries.

Referring to the foreign ministerial meeting of the OIC Contact Group to be held in Geneva July 29-30 to hold talks on Bosnia's upcoming elections, Zanganeh called on Muslim countries to contribute monitring elections in Bosnia.

Iran, Pakistan, Turkey, Malaysia, Senegal, Egypt and Saudi Arabia as well as the OIC secretary will take part in the said meeting.

Algabid, referring to exchange of bodies and POWs by Lebanese Hizballah and the Zionist regime, said that Iran had done well in this regard.

Zanganeh said that the Islamic Republic of Iran has always been ready to take humanitarian measures and to help solve problems facing human beings.

He said, however, that Iran has not heard of the fate of four Iranian diplomats taken captive in Lebanon in 1982 and then transfered to occupied Palestine.

Iran: Commentary Views Delivery of F-16 Fighters to Taiwan

LD2707160396 Tehran Voice of the Islamic Republic of Iran in English 1130 GMT 27 Jul 96

[Unattributed commentary]

[FBIS Transcribed Text] Taiwan has received the first delivery of its purchased F-16 fighters from the United States. Based on the agreement signed between the Taiwanese and U.S. defence ministers in 1992, the United States will deliver to Taiwan 150 F-16 fighters worth $6 billion. Taiwan's aim of buying advanced arms is to upgrade its military capability vis-a-vis China.

China sees the sale of military equipment to Taiwan as provocative, and considers Taiwan to be part of its own territory. It has announced at numerous times before that at any cost it will prevent Taiwan's independence, which is the wish of the nationalist groups currently ruling Taiwan. Through the sale of sophisticated weapons to Taiwan, the United States is following two aims. First, it is trying to strengthen its position in southeast Asia and, second, it is struggling to keep active its military industrial complex.

It is certain that creating political problems for Beijing and promoting permanent hostility between China and Taiwan is a strategic aim of the U.S. foreign policy. Following such a policy, Washington thinks that it can keep up pressure against Beijing and use it as a winning

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card in its political and economic relations with China. As an emerging political and economic power in the world, China has made the United States face new challenges on the international level.

According to political analysts, developments in the Taiwan straight can be highly significant. This is because China is sensitive to any move which will end in uplifting the Taiwanese military strength. Beijing believes that the boosting of Taiwan's military will give rise to independent political moves inside China and endanger the peaceful trend of reunification between China and Taiwan. China is using all its power for its reunification with Taiwan and believes that unless foreign powers intervene, the possibility of peaceful reunification between the two entities does exist. The Hong Kong experience has made Beijing hopeful of the success of such a policy. The United States, however, seems not to be interested in such an arrangement at all. Taiwan is one of the major pro-Western economic centers in south Asia and can be truly called one of the infiltration points for the United States in this region.

Considering the importance of south Asia in the future political and economic developments of the world, the United States is trying to regain its past position in that region and the continuation of its influence in Taiwan is part of its policy in this regard. According to informed sources, the delivery of the first squadron of the U.S. made F-16 fighters to Taiwan is part of the provocative U.S. policies against China in southeast Asia.

Iran: Ayatollah Yazdi Delivers Friday Prayers

LD2607131396 Tehran Voice of the Islamic Republic of Iran Provincial Network in Persian 0750 GMT 26 Jul 96

[Second sermon of Tehran Friday prayers delivered by Ayatollah Mohammad Yazdi, head of the Iranian Judiciary, at the grounds of Tehran University — live]

[FBIS Translated Excerpt] In the name of God, the Merciful, the Compassionate. [passage omitted]

You have heard in some brief reports that the case of Hedayatollah Zendehdel has been concluded and a number of people have been sentenced to death or prison terms. You have also read short newspaper reports about how the court trying the Zendehdel gang ended its work after several public sessions.

But when one is actually directly involved in any affair...[pauses] I really should tell you here that the judiciary spent almost five whole years on this case. You might be surprised. But the first defendant, Zendehdel, in particular, was a very shrewd and devious man. In each round of interrogation, he brought about new circumstances and delayed the whole proceeding for a month or two. This was particularly the case when the old penal code was in operation. [passage omitted]

The judiciary did a great deal of work on this case. Now we know that by resorting to extremely devious ploys, the gang exploited and plundered the property of people and the government. I myself am very careful when some judicial colleagues use the term gang as against individuals, as stipulated in laws. I do not easily consider a group of two or three people working together a gang. However, the famous case of Zendehdel is one of the instances in which the term gang is highly applicable.

I would really like to thank all the esteemed judges who were involved in this case for such a long period of time. They effectively provided documents and evidence for every little detail, thereby enabling the president of the court to conclude this trial on the basis of clear evidence. The trial was of course open to the public, and many people heard and saw the entire proceedings, either by attending the sessions or reading about them in newspapers. Naturally, some of the sessions were held behind closed doors, and this was because of what the Constitution stipulates; that is to say, because of articles of the Constitution stating that if the trial involves debates on matters of public decency and similar issues, then the judge in charge is authorized to keep the public away from the court session.

In general then, the trial was concluded on the basis of proper legal procedures and its final verdicts and sentences are entirely congruent with all laws and regulations.

But you just wait and see. Any day now, the so-called human rights supporters in various corners of the world will start uttering things, saying that such and such a person is going to be executed and we are concerned about his fate.

However, I really do not know what the world can say in the face of these crimes and atrocities committed by the Zendehdel gang. What can they say about a person who did not believe in anything, was totally devoid of any principles, and engaged in all forms of offences and crimes? How were we supposed to deal with such a person, for whom the plundering of other people's property, as well as their honor and integrity, was the easiest thing in the world?

We can still expect utterances of protest and objection from here and there, even though the country's judicial apparatus employed all available laws and regulations to deal with this person. However, we are not interested in what these people have to say. Instead, we are only

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interested in what Islam says and what the interests of our revolutionary country dictate. We act on the basis of our laws, no matter what anyone else says. [Crowd chants: God is Great]

The representatives of the U.S. Congress have given their approval that companies which invest more than $40 million in Iran or Libya should face this and that, and in fact be subjected to pressure by the U.S. Government. This is what has been approved. I am not going to speak about the approval. I do not know how many times the United States is going to repeat an unsuccessful experience. America's policy of confronting Iran has been defeated on many occasions, and America is still repeating the same thing.

Fortunately, as you all know, the European Union stood against this approval, rejected it, and said that it is not correct. I do not wish to raise that issue now. I only refer to a sentence mentioned by the head of the European Union. Explaining the reason for the rejection of this approval, he said this American idea of wishing to create a unipolar world is a wrong policy. This, in fact, is a correct interpretation. It is wrong for Mr. Clinton to think that, with the collapse of the former Soviet Union, the world should become unipolar and all other countries should obey America, and America should say whatever it likes and do whatever it likes, and no one should be allowed to say a thing. The world is not like that.

Your decision does not correspond with international law. Do you think that you have the right to decide about other countries' trade? Which international law allows you to make decisions about joint trade issues between other countries. Apart from the fact that the U.S. decision has faced opposition by Europe and the European Union, it also has many legal shortcomings.

I do not wish to continue with this discussion for long, but at least listen to your own researcher and analyst, Mr. Richard Murphy, who is also a former assistant secretary of state. He made some remarks a few days ago which included a few interesting points. I would like to mention one of the points concerning this matter. I think it is a very good point. He explains how great and historical Iran is and mentions a few points about Iran's foreign policy. Then, he says the Iranian leaders do not waste their time confronting what America does against them. [passage omitted]

I do not want to deal with the intentions of Mr. Murphy by saying that. That needs to be assessed. What are his aims? Perhaps he had other intentions? But at least the American leaders should listen to their own advisers and not make a decision to which the world reacts by saying that the Americans do not respect anything. It does not befit a great country that you [President Clinton] are disregarding everything just for the sake of being re-elected in the future. You should respect certain matters so that world public opinion accepts what you say.

Thank God there are no more arguments about what has happened, and is happening, on the border between Iran and Turkey. The problems are going to be resolved as teams will be coming and going. However, the country's general policy is quite clear: peaceful coexistence with all neighbors, observance of the rights of both sides, and prohibiting any hegemonism or submission by any side.

I would like to add a sentence here for the Turkish statesmen. Let them beware of any probable divisive moves which are pursued by the Israelis — even through several mediums — the policy and thesis which the Israelis have, which are creating rifts, particularly between the Islamic peoples and states. Do not neglect that. Do not say that we have concluded an agreement with Israel which has nothing to do with such issues. The same agreement is sufficient for them to have an influence through various ways and means in order to seek to create unrest in a border area by using several catalysts, so as to make things happen which would create trouble for the two border parties, and then sit and watch. I really bring this to the attention of the Turkish statesmen. Fortunately, with the president's message and the visit which has taken place, the teams that are supposed to come here, and our team which visited Turkey, the problems will be resolved soon and the border situation will return to its normal state.

Then there is the subject of Netanya's visit — I won't pronounce the hu bit [In Persian hu is a word used for God and Ya Hu, Oh God, is a catchphrase sometimes used as goodbye] — to Egypt and the people's attitude toward him, their objections, and the one-step backward regarding the land for peace policy. He is not trustworthy and this issue must be dealt with more precisely. God willing, the Arab states have come to understand to a certain extent and will pay more attention to such issues in their future meetings. [passage omitted]

Iran: Ayatollah Javadi-Amoli Delivers Qom Friday Prayers

LD2707162396

[FBIS Report] Tehran IRIB Television First Program Network in Persian at 1345 GMT on 27 July broadcasts a recording of the Qom Friday sermons, delivered by Ayatollah 'Abdollah Javadi-Amoli, interim Friday prayer leader and member of the Assembly of Experts.

The first sermon is devoted to the subject of piety and the virtues of Hasan al-Askari, the revered 11th imam of

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the Shi'is, whose birth anniversary was yesterday. The first sermon ends at 1402 GMT.

In the second sermon, Ayatollah Javadi-Amoli again quotes from the 11th Imam's letters on the importance of faith and charity. He says that by relying on God and the Koran the Iranians were able to make a successful revolution, build their country, and stand against their enemies.

He refers to America's efforts to isolate Iran internationally, and says that America wished to "consolidate the new order with its dictatorial might" and to place Iran and some other countries similar to Iran under economic pressure. But, "thanks to God, it [American policy] was defeated both inside the country and outside it." This was all he had to say on the issue.

He mentions that today is also the anniversary of the delivery of the first Friday sermons from Tehran University, as ordered by Khomeyni, and urges worshippers to practice piety and strive to learn more about religion and faith. The second sermon ends at 1423 GMT.

Iran: Cleric Encourages Friday Prayer Attendance

LD2707124596 Tehran IRIB Television First Program Network in Persian 0800 GMT 26 Jul 96

[Remarks by Hojjat ol-Eslam val Moslemin Mohsen Qara'ati, head of the Literacy Movement, from the "Lessons from the Koran" program, date, place not given — recorded]

[FBIS Translated Excerpt] In the name of God, the merciful, the compassionate. [passage omitted]

Prophet Mohamad was once leading the [Friday] prayers. People noticed that he suddenly began delivering the prayers very fast. They asked him: Why you are delivering the prayers so fast! He graciously replied: I heard a child crying and I thought perhaps the child's mother was praying behind me. Another time, people noticed that Prophet Mohamad was taking his time over the prayers while in prostration. They asked him: O messenger of God, you are delivering the prayers very slowly. He said children were playing on my back and I did not want to spoil their game. That is why [Friday prayer] imams cannot say: that is the way I like [Friday prayers] and I do not care who wants to attend and who does not. [passage omitted]

We look forward to the day when people hear the Call to Prayer, switch off their radio and television sets and, even if they do not attend the Friday prayers, at least switch off the lights in their rooms or in their shops for five minutes so that one can see that something is going on. [passage omitted]

His Holiness Imam Reza [eighth Shi'ite imam] says: Friday prayer imams should fulfill people's desire [for information]. That is whatever people like to hear from clandestine bulletins, BBC radio and its political analysis, information and reports, they should be able to hear them from their Friday prayer imams. [passage omitted]

If attendance is low at Friday prayers, the first to feel happy about it is America. We should attend Friday prayers and even take our children to them. We have a [Koranic] verse stressing that you take your children to prayers. [passage omitted]

Friday imams should be articulate, speak fluently and easily. Sermons should be brief. Friday prayers are not be the venue for slogans such as long live this or death to that! His eminence the leader and also the imam [Khomeyni] once said that Friday prayer leaders should not even become candidates for elections. Then, as I remember, people wrote a letter enquiring about that. He replied by saying that the Friday prayer leader of Tehran is excluded from this case. Mr. Hashemi-Rafsanjani and His Eminence the leader [Khamene'i] were among Friday prayer imams of Tehran. He said they are excluded in that case. Let me tell you something, anyone who wants to engage in intellectual discussions with people should not follow political factionalism. [passage omitted]

Let the doors be open for all. Let it not be such that a stratum of the people does not attend the Friday prayers. If a stratum does not attend the prayers, let us go and ask what is the matter. It is possible that a mistaken idea has entered their minds. If they are told why such-and-such a day was like that, they reply that it was the anniversary of the death of your father, the death of your uncle, your establishment's day, your organization's day. But we telephoned and it was not so. Well, sometimes it was like that.

Anyhow, let's act in such a way that every stratum attends the Friday prayers. If we see that a stratum, such as sportsmen and sportswomen, attend less, let's ask them why. If we see that businessmen attend less, if the armed forces attend less, or the students, let's ask why. They might have a reason. Anyway, the Friday prayers are for all. [passage omitted.]

Once there were 12 people present at [Prophet Mohamad's] sermons; one woman and 12 men. According to a prophetic tradition [hadith], if those 12 had left, stones would have rained from heaven. Then a verse was sent: Tell them what God has is far better than leisure and commerce. [preceding verse in Arabic] [passage omitted.]

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Let me tell you one or two more small points. Those with vehicles who are going to the Friday prayers should tell their hezbollahi neighbor when they are going to the prayers and let them come with them. [passage omitted] The participation of the officials [in the prayers] is most important. Their attendance is tantamount to promotion of virtue in practice. Essentially, if we do not attend the prayers, we cannot tell others to do so. When God wants to issue a circular, he says I will act on it first myself and then I will issue it. [passage omitted] A high-school teacher cannot sit sipping tea and then tell the kids to go to prayer. It is ludicrous for the kids to go to prayer and the teacher to sit in his room sipping tea. We officials must participate ourselves. Well, let us wind up. I hope that you do attend the Friday prayers. If someone does not accept the preacher, it may be that someone has a problem about a Friday prayer imam. Well, nothing can be said about that. We believe in being just. Or he may live too far away, or he may have an excuse. But if someone says: Get away with you, if someone belittles the Friday prayers and does not attend them continually, there are prophetic traditions on that — related by Shi'as as well as Sunnis — that such a person's prayers become worthless, his religious taxes become worthless, his Hajj pilgrimage becomes worthless, his religious mourning becomes worthless, all his good deeds become worthless, that is, if that person does not attend Friday prayers continually because he thinks Friday prayers are not important — unless he has an excuse. [passage omitted]

We must attend Friday prayers and we must offer suggestions. I have noticed that they have something nice for Friday prayers in Tehran. They have circulated a questionnaire, asking about the people's views on the preachers, about the sermons and their contents. The Friday prayer headquarters ask the people what they want. They may reply what their problems are.

The Friday prayer imam has to explain. If we tell all the good things and avoid the bad, then that will be flattery and we become flattering Akhunds [clerics]. And if we criticize in such a way that the BBC Radio becomes delighted and broadcasts a recording of our words, then we become the arms of the infidel. We must try to be neither flatterers nor the hands of the infidel. [passage omitted] Anyhow, no-one should be ashamed of attending Friday prayers. I hope that a time comes when our Friday prayers acquire greater value. Peace be upon you.

Iran: Daily Hails Rafsanjani's Call For 25-Year Development Plan

LD2707133696 Tehran IRNA in English 0930 GMT 27 Jul 96

[FBIS Transcribed Text] Tehran, July 27, IRNA — The English daily TEHRAN TIMES Saturday [27 July] welcomed President Akbar Hashemi-Rafsanjani's call for preparing a 25-year development plan saying it marks a milestone in the history of Iran's development.

"Indeed, President Rafsanjani has proved to be a pioneer in the area of construction as well as in many other areas," said the editorial adding, "he has been rightly given the epithet the standard-bearer of the construction movement of Iran."

Referring to criticism on the country's development plans, The paper said that government executive should take into consideration these points while drawing up the blue print.

"In order to ensure that the development plans will not be carried out at the cost of social justice, both of the newly formed factions in Majles, Majma-e Hezbollah and Namayandegan-Hezbollah should assign their experts to the task of drawing up the 25-year development plan."

Referring to the broadening of the gap between the rich and the poor, it said, "what is desirable is balanced development, building a prosperous Iran while providing equal opportunities for all citizens and enabling them to enjoy their established rights."

Iran: ETTELA'AT Interviews Deputy Foreign Minister

NC2607100696 Tehran ETTELA'AT in Persian 18 Jul 96 p 12

[Interview with 'Ala'eddin Borujerdi, deputy foreign minister for Asia and Oceania, with an unidentified correspondent; place and date not given]

[FBIS Translated Text] [ETTELA'AT] Where will Asia stand in the future developments in their region?

[Borujerdi] I think that the sentence "the next century belongs to Asia" is very true. All current facts and developments in the world, and namely the outlook of the West and of the developed countries to regional political developments, speak of the role that this continent will play in global developments in the future. If we look at this issue from any angle, and namely from the political-economic angle and take other major factors into consideration, we will see that Asia will have the first word to say because, for example, the

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highest growth and development rate is in eastern Asia; and since economy will play a major role in the coming century, it is Asia that will lead all the continents of the world because of the great growth and development rates we see in China, Korea, and so on.

[ETTELA'AT] What will Asia's cultural situation be like in the next century?

[Borujerdi] As you know, most of the world's Muslims live in Asia. We, as the Islamic Republic of Iran, believe that Islamic countries will have their specific place in Asia's future developments because of their extremely good rate of economic growth. An example of this is Malaysia, which has witnessed rapid developments because of its precise planning. Also, ASEAN [Association of Southeast Asian Nations] members too have made a great leap forward. The Islamic Republic of Iran has also taken long strides toward development. At any rate, these are all serious changes and developments that can have a considerable impact on all the flourishing countries in the world of Islam. In other words, an Asian identity and belief is in the making. For example, India and China are examples of countries that were under domination. Today they believe that because of their vast potentials, Asian countries should find their place and their independent identity. This is extremely important.

[ETTELA'AT] The non-Asians regarded Asia from the dominating view of the past. What will their attitude be like in the 21st century?

[Borujerdi] The Americans' serious presence in regional pacts such as APEC [Asia-Pacific Economic Cooperation] shows that they focus major attention on this continent; and this is because the Americans do not want to fall behind the Europeans. Meanwhile, the European Union too convened a summit in Bangkok for the first time. In other words, they too have a new outlook on Asia—in all its scopes, but especially in the economic one. This outlook is that Asia has untapped resources that can be used to achieve development and that it will be considered an economic pole in the world in the future. This is why they want to strengthen their foothold in Asia now and to be there when these developments take place. The several billion dollar investments by Europe and America in this region manifests their new outlook on Asia.

[ETTELA'AT] A concordance and unity that goes beyond the borders in Europe is in the making, and countries are rapidly removing their boundaries. Is this a foreseeable process in Asia too?

[Borujerdi] The existence of pacts such as ASEAN, ECO [Economic Cooperation Organization], SAARC [South Asian Association for Regional Cooperation], APEC and the Europe-Asia Union speak of the existence of a type of regional concordance that is very considerable and encouraging and can push Asia in a favorable direction. Last year the first joint ASEAN-ECO session was held. A similar session may be held this year too. All of these are encouraging points.

[ETTELA'AT] Will all these regional pacts lead to continental unity as well?

[Borujerdi] Since the past century, Europe has been thinking of ways for unification. But, because of various factors, including the effects of colonialist rule, this is very far off, and naturally it will take time for a favorable point to be reached toward such a unity. However, there are favorable inclinations in Asia that will help us to approach favorable objectives. Of course, we should bear in mind that colonialism has left its unfavorable impacts on Asia and these are acting as a deterrent in these countries' efforts for moving closer to each other.

[ETTELA'AT] What will Iran's role be in future developments in Asia?

[Borujerdi] Especially after the imposed [Iran-Iraq] war, Iran has found an opportunity for a more serious political and economic presence in the region. The most significant proof of this in the field of the economy is the immense step taken by Iran for the construction of the Asian railway, which has revived the lost link between Pyongyang and the Persian Gulf. In the political field too Iran plays a serious role in easing regional crises such as the crises in Tajikistan and Afghanistan and in the republics of Azerbaijan and Armenia. It was following these new political-economic moves by Iran that the world felt that our system is a stable system. Today almost all countries admit that ignoring the Islamic Republic's role is tantamount to ignoring realities. Europe's disagreement with America showed that this is a reality that is accepted in the region and in the world and that it is illogical to ignore Iran's role.

[ETTELA'AT] How true is the comment that in its development planning Iran pays more attention to Europe than it does to Asia?

[Borujerdi] This may be more a rumor than a fact. If we look at Iran's trade with Asian countries, at implementation of infrastructural and economic projects, and at cultural and political exchanges, we can see that if the attention that Iran focuses on Asia is not more than the it focuses on Europe, it is still not less. The fact that more efforts are made when it comes to Europe is because of the difficulties that we have with these countries. For

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example, we face problems with the West even in simple and ordinary issues, and tending to these problems is time-consuming. Countries like Japan, South Korea, and China have very good cooperation with Iran in the implementation of projects, and these countries' investments in Iran are extremely noteworthy. Export-wise, our great market is Asia and not Europe. I believe that we do not focus more attention on the West than on eastern Asia. Of course, the reason why such a conclusion was drawn is because of our constant compulsory contacts with Europe because of the critical problems that are created for us by them.

[ETTELA'AT] How do you assess Afghanistan's political future?

[Borujerdi] It is still too early to foresee the future of Afghanistan, despite recent developments. Despite the fact that Hekmatyar is in Kabul, we cannot still say with confidence that from now on we will have a tranquil Afghanistan in the region. This depends on many issues—both outside the Afghan borders and inside. But we can say that the situation today is much better than it was yesterday, that we can be more confident that calm will prevail, and a better future awaits us in view of the extent of the Islamic Republic's efforts in this direction. Also, Afghanistan's future greatly depends on good will efforts by neighboring countries.

[ETTELA'AT] Assuming that peace is achieved in Afghanistan, what will Afghanistan do when it comes to reconstruction? Is it possible that the way will be opened, once again, for foreigners to go into that country?

[Borujerdi] Afghanistan has many good characteristics that will help it in its reconstruction. The hard-working nature of the Afghan people is a considerable and extremely significant factor. It is not as though Afghanistan lacks God-given assets. There are oil and gas resources in northern Afghanistan and it has extremely rich mineral resources. Therefore, if calm prevails and credits from rich countries and world monetary funds are extended to it, the Afghans will be able to move toward reconstruction much quicker than many other countries. We believe that the continuation of conflicts and of the crisis is the major source of concern, not the reconstruction phase.

[ETTELA'AT] Many Afghan groups are not satisfied with Pakistan's stands and believe that many of the existing problems stem from Pakistan's policies. What solutions does Iran propose to overcome this problem?

[Borujerdi] The Kabul government believes that Pakistan supports the Talebans and that this support is greatly helping the continuation of the crisis. But the Pakistanis refute this. This is why we have started our mediation efforts in this field and have also made noteworthy achievements. This process is continuing. We believe that sooner or later we should put an end to the unfavorable relations between Islamabad and Kabul. Otherwise, the crisis will continue. Possibly what is necessary to ease the tension in Afghanistan is the normalization of relations between Islamabad- Pakistan [as published]. We believe that the protraction of the crisis in Afghanistan is not to the region's benefit and if this situation continues, no powerful central government can be established in Kabul. This will have a negative impact on neighboring countries. All these problems dictate that we help to ease the crisis, and one of the major factors that can do so is a positive development in Afghanistan-Pakistan relations.

[ETTELA'AT] It seems that the Afghans are unable to foresee the future of their country. In your opinion, what is a practical solution for this crisis?

[Borujerdi] If the leaders of Afghanistan's jehadi groups are not determined to end the war but insist that the war continues, naturally, we cannot envisage a bright future for the country. If neighboring countries also fan the flames of this crisis, again a bleak future is foreseeable. And if the foreign powers do not seek to have a tranquil Afghanistan, peace will be a futile expectation. Therefore, all the political processes — both abroad and at home — and even economic factors will play a determining role in the future of Afghanistan. Thus, we should first seek a solution to the Afghan crisis among the Afghan people. Any attempt outside the borders of Afghanistan will be more a theoretical rather than a practical attempt. One of the reasons why the United Nations has been unsuccessful in this crisis is because it has ignored this reality.

It is necessary to point out that Afghanistan's jehadi groups are very sensitive when it comes to foreign and non-Afghan plans and they believe that if a prescription — no matter how useful — is prepared abroad, it will be harmful to them. Therefore, they react to this. And this is why it seems that the sole solution lies in negotiations among the Afghans. Thus, if we convince the groups to talk with each other, we will have acted beyond any other plan for the establishment of peace. And if we understand and accept this reality, we will be able to put an end to the confusion in the efforts for a solution. If the neighboring countries help, peace can be achieved.

[ETTELA'AT] Japan is an economic power. However, it has acted in a political manner in the extension of a credit for the construction of the Karun Dam. What hands are hiding behind this move?

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[Borujerdi] This specific case should be separated from the rest of Iranian-Japanese relations. Relations between the two countries are good and growing. Japan is a member of the G-7, and it should have similar political stands because of its membership in this group. But, we do not have the problems that we have with many European countries with Japan. We have a joint political commission which meets once a year either in Tehran or in Tokyo. Recently the fourth session of this commission was held in Tehran. The fifth session is to be held in Tokyo next year. Contrary to Europe, our talks with Japan are not critical in nature. They are constructive and aimed at achieving greater understanding. The Japanese do not have many of the issues that are propounded by Europe — such as Salman Rushdie and human rights — on their agenda. Japan has extended the first part of the loan for the Karun-4 project. Since this was a big sum, Japan was pressured by America. But it does not think negatively about paying the second part. It is waiting for the right time. Meanwhile, we too are not waiting for Japan's assistance to build a dam. Currently we have about 120 small and large dams which are either under construction or are being planned. Some of these dams are larger than the Karun-4 dam. Of course, we believe that as an extremely important economic and even political country in the world, Japan should be faithful to its commitments in the future. Also, we regard this project as a symbol of cooperation and friendship and believe that the Japanese will one day deliver what they promise. We hope that that day will not be very far away, when the project will have been completed and Japan will realize that it acted slowly.

[ETTELA'AT] There is propaganda against Iran's relations and cooperation with Indochina. The enemies of the system believe that these relations are of a nuclear nature. What is the reason behind such allegations?

[Borujerdi] A country like Iran, which has been through a long war, does not need chemical and nuclear weapons. Many of our military plants have been transformed into factories manufacturing non-military products. But as you know, it is not difficult for the enemies to create an anti-Iranian political-propaganda commotion. They spark a commotion on an imaginary issue and inflict pressure. Allegations on Iran's cooperation with China or India in the chemical and other fields are totally incorrect. Fortunately, such allegations don't stick, thanks to our good contacts with the international community. Also, our programs on banning the manufacturing of nuclear and weapons of mass destruction are proof of our policy.

[ETTELA'AT] I thank you for sparing us some of your time.

Iran: Volunteer Militia Establish Large Military Camp

LD2707153896 Tehran IRIB Television First Program Network in Persian 1200 GMT 27 Jul 96

[FBIS Translated Text] The great military camp of "Travellers to Jerusalem" [Persian: Rahiyan-e Qods] has been held in Kermanshah. Some 50,000 Basij force personnel from Hamedan, Ilam, and Kermanshah provinces took part in this camp which was set up in an area measuring over 10 square km.

[Begin recording] [Unidentified correspondent] In this great camp, which was commanded by the general commander of the Islamic Revolution Guards Corps [IRGC] under the code-name "Ya Zahra" [Zahra was prophet Mohamed's daughter], parachute units were the first to carry out operations. Then the participating basij [volunteer militia] units, in a cohesive formation, staged a tactical march [Persian: Rahpeymaii-e tactici], to declare their readiness to defend the achievements of the Islamic revolution.

The opening ceremony of this camp was attended by the representatives of the vali-e faqih [Khamene'i] in the IRGC and Kermanshah Province, the commander of the basij resistance force, Friday prayer imams, governors-general of the country's western provinces, 15 majles deputies, officials from the Majles Defence Commission, a number of military commanders, and, finally, the esteemed families of martyrs.

In this ceremony Major General Mohsen Reza'i, commander of the IRGC, referred to the emphasis of the eminent leader on the presence of basij forces in the arena of the country's reconstruction. He said: Since the end of the imposed war, the committed and Muslim basij forces have made extensive contributions to the country's reconstruction. Today, fortunately, we are witnessing the growth and flourishing of the reconstruction process in Iran and this is something that disheartens the enemies of the Islamic revolution more than ever before.

Reza'i told our news correspondent in Kermanshah that the objectives of this great camp were:

[Reza'i] Maintaining rapid action capabilities and combat readiness, as well as practising what our dear brothers have learnt so far. [end recording]

Iran: Industrial Growth Rate To Exceed 10 Percent

LD2807142296 Tehran IRNA in English 1126 GMT 28 Jul 96

[FBIS Transcribed Text] Tehran, July 28, IRNA — The industrial growth rate of the country will exceed

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10 percents during the current Iranian year (started March 20) due to the continuation of the government's protectionist policies, reported the Persian daily 'IRAN' Sunday [28 July].

Quoting statements of minister of economic and financial affairs Morteza Mohammad-Khan at the general assembly of the shareholders of the organization for expansion and renovation of Iran's industries; the paper said the country experienced the highest industrial growth rate last year.

The rate was 6.2 percent in the first quarter of the year and more than 10 percent in the second, said the minister,

The government will continue its protectionist policies in industrial sector this year and will finance the sector's needed resources, Mohammad-Khan said.

Terming the performance of the industrial sector as very positive during the recent years, the minister said that all the government's policies are drawn to support production.

Iran: Inflation Rises 28.8 Percent in Urban Areas

LD2907133296 Tehran IRNA in English 0730 GMT 29 Jul 96

[FBIS Transcribed Text] Tehran, July 29, IRNA — The average price index of goods and services in the urban areas of the country rose by 28.8 percent this spring (March 20-June 20) compared to last year, reported the Persian daily 'HAMSHAHRI' Monday [29 July], quoting a report of the economic statistics department of the Central Bank of Iran. The paper added that the price index of goods and consumer services reached 441 in urban areas in the Iranian month of Khordad (May 21-June 20), down by five percent compared to the preceding month.

It added that the index shows an increase of 24.9 percent compared to the same month last year.

Iran: Government Economic Policies Called Damaging to Investment, Exports

96LH0218A Tehran KAR VA KARGAR in Persian 21 Apr 96 p 3

[FBIS Translated Text] Economic Service—Engineer Morteza Alviri, secretary of the Iran Supreme Free Trade Zones Council, said that the economic and foreign exchange policies adopted by the government in the year 1374 [21 March 1995 - 20 March 1996] have damaged the nation's investments and non-oil exports.

Eng. Alviri, who is not optimistic about the results of these policies, discussed this subject in an exclusive interview with IRNA. He said: The stabilization of the foreign exchange rate at 3,000 rials [R] has taken the country in the direction of a three-rate foreign exchange system.

With regard to the government's export policies in the year 1374 and the damage they did to the nation's non-oil exports, the secretary of the Iran Supreme Free Trade Zones Council said: In addition to the damage the government's foreign exchange policies did to the nation's non-oil exports, the imposition of export regulations such as setting a time limit for foreign exchange contracts reduced the inclination to export among exporters.

He added: The policies governing the country during implementation of the First Five-Year Plan caused the nation's non-oil export revenues to increase from $970 million in 1367 [21 March 1988 - 20 March 1989] to $4.6 billion in the year 1373 [21 March 1994 - 20 March 1995].

He added: If non-oil export development had continued in this same way, in the year 1374 [21 March 1995 - 20 March 1996] the nation should have had more than $5.5 billion in revenues from non-oil exports, but unfortunately the new policies did so much damage to non-oil exports that it appears that the nation's non-oil export revenues for the year 1374 were no more than $3 billion. He said: The nation's carpet exports increased from about $300 million in 1367 to $1.7 billion in 1373. If this trend had continued, revenues from this product should have reached about $2.2 billion in 1374, but the figures show that in the year 1374 carpet exports were no more than $700 million. The greatest damage in the year 1374 was done to carpet exports.

He noted that about five million people are directly employed in the nation's carpet industry. He said: An interruption of carpet exports will also make the nation's employment problem serious.

Eng. Alviri added: If the government continues its current policies, the nation's oil revenues in the year 1375 [21 March 1996 - 20 March 1997] will be about $4 billion [as published], but if there is a return to the policies under the First Five-Year Plan, with difficulty it will be possible to reach $6 billion.

Concerning the effects of the economic policies of the year 1374, Engineer Alviri said: In the short term the policies adopted in the year 1374 will have anti-inflationary effects in the nation's economy, but in the long term their effects are inflationary. In addition to this they will increase the level of unemployment, and economic stagnation will follow, and this will create an inflationary economy along with stagnation.

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He said that inflation combined with stagnation is caused by producing units being closed or remaining closed. He said the way to fight this is to increase utilization and stabilize export policies.

To reduce the inflation (60 percent) in the country, Engineer Alviri proposed careful controls on the amount of currency in circulation, production support policies, correction of the distribution system and adjustments to the profits on bank deposits. He said: With these four tools, within three years one could reduce the 60-percent inflation to single-digit inflation.

With regard to the effects of the government's economic policies in the year 1374 in reducing imports, Engineer Alviri said: The adoption of policies of contraction for luxury and unnecessary goods is acceptable, but although putting limitations on the importation of raw materials, parts and machinery will make the foreign exchange rate relatively stable in the short term, in the long term this will have negative effects on the nation's production and employment indicators, and this will be followed by increased inflation and a higher foreign exchange rate.

He also noted the effects of the government's policies of 1374 in reducing production at the nation's industrial units. He said: Despite the aforementioned negative effects, the aforementioned policies brought success in the repayment of the nation's foreign debt, and the Central Bank of the Islamic Republic of Iran was able to bring order to this matter.

Therefore, in the area of importing the raw materials needed by the nation's industries, it is expected that there will be no problem in the year 1375, and the government is capable of procuring the necessary foreign exchange for this.

Iran: Oil Derivatives Imported From Azerbaijan to Ardebil

LD2807160496 Tehran IRNA in English 1417 GMT 28 Jul 96

[FBIS Transcribed Text] Parsabad Moghan, Ardebil Prov., July 28, IRNA — Some 150,000 liters of oil derivatives are transported via the border region of Tazah Kand in the provincial city of Moghan from Azerbaijan Republic.

Governor of Parsabad Moghan Mohammad Rahimi-Nejad said here Sunday [28 July] that the oil derivatives were being imported from the Azerbaijan Republic based on a contract signed between the Iranian and Azeri officials. Rahimi-Nejad said that Iranian tankers had transported 18 million liters of gasoil and kerosene from Azerbaijan to this northwestern province over the past four months.

Over 38 million liters of fuel were transported from Azerbaijan to the region last year (March 21, 1995-March 19, 1996)

Iran: Factions in New Majles, Impact on Presidential Elections Viewed

96LH0223A Tehran KAR VA KARGAR in Persian 23 Apr 96 p 3

[FBIS Translated Text] The elections for the Fifth Majles were held in a very splendid way with the involvement of various political groups. The announced results and the final composition of the Fifth Majles also shows the presence of representatives from various political groups in the "home of the nation." Based on the statistics, of a total of 270 seats in the Majles, the Militant Clergy Association [Jame-ye Rowhaniyat-e Mobarez] took 110 seats, the Municipal Workers for Reconstruction took 70 seats and the factions aligned with the Imam's Line Coalition took 40 seats. The other seats were taken by independent and unknown individuals. In this regard, the following areas are worthy of reflection:

1. Despite the claims by various groups concerning the majority in the Fifth Majles, no group has been able to obtain an absolute majority. Although the above statistics grouped individuals according to their alignments with existing political inclinations in the Majles, the factions have not announced their support for these individuals.

2. Despite the claims by many people that the majority faction in the Fifth Majles will be able also to think in terms of success with the elections for the president of the republic, since the president of the republic is elected by direct public vote, having a majority in the Majles is only one of many factors for success in the elections for president of the republic. It is therefore still unknown which faction will succeed in the coming elections for president of the republic.

3. Efforts have already begun to attract independent and unknown individuals from the factions with a confirmed presence in the Majles. Therefore, until the Majles begins its work and until the election of the first chief of the legislative power, one will not be able to express an opinion about the policy of the Fifth Majles.

4. If the Municipal Workers and the groups in the Imam's Line Coalition have coordinated leadership, they will at least be able to oppose the Militant Clergy Association in the Majles. Of course because of the differences in views between these two factions, it will

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require more work for them to coordinate their efforts, but a coalition between these two factions cannot be discounted.

Iran: Majles Investigation of City Hall

96LA0299C Tehran KEYHAN-E HAVA'I in Persian 5 Jun 96 pp 18-19, 21

[FBIS Translated Text] **Open session of Tuesday, 1 Khordad, 21 May—In this session, the report of the Economic Affairs and Finance and Cooperatives [Combined] Committee regarding the operations of the Saderat [Export] Bank of Iran, which was left incomplete in the previous session, was presented.**

In this report, the lack of devised systems of control and active supervision and lack of attention to the reminders of inspectors of the Saderat Bank of Iran; at times failure to implement and observe the laws, regulations, and implemental bylaws of interest-free banking ratified in Shahrivar 1362 [23 August-22 September 1983] by the Majles regarding granted loans; failure to observe the ratifications of the Monetary and Credit Council of the Central Bank; sometimes chaos and lack of control and supervision in the branches abroad; and misuse in some of the branches, such as the Fajireh Branch, are mentioned among the deficiencies and problems of the network of the Saderat Bank of Iran.

Also, the presentation of the report of the Majles Inquiry and Investigation Committee regarding the operations of the City Hall was postponed to the next session. This report states: Companies such as HAMSHAHRI, Payam-e Resa, CHAP-E SABZ, Vanet Service, Traffic Control, and the like do not have legal justification and their capital is a part of the public property of the City Hall.

The Tehran City Hall has purchased 5,000 parking meters at a price of 5 billion rials [R], but these parking meters are made specifically for the climatic conditions of Canada and are not useful in Iran.

In order to provide for and facilitate its illegal activities, in many instances, City Hall has paid funds to some organizations under the pretext of aid.

Based on this report, the objections of the Council of Guardians in the bill on the election of National Islamic Councils were also ratified by the deputies.

Agenda

In this session, the organizational bill of the duties and elections of the National Islamic Councils, which was returned by the Council of Guardians to the Majles, was discussed and amended to meet the views of that Council.

The Council of Guardians has considered Articles 53-59 regarding the supervision of the Majles over the Majles elections contrary to Article 75 of the Constitution and the cause of overlapping of the duties of the Legislative and Executive Branches and has asked for their omission.

In addition to the omission of Article 70, 71, and 74, Part 4 of this bill that had been omitted because of the opposition of the Council of Guardians by the Councils and Internal Affairs Committee were once again replaced.

In Article 53, ratified by the Majles, the responsibility of supervision over the elections was conferred on a committee comprised of three members of the Councils and Internal Affairs Committee and two members of the Articles 88 and 90 Committee, which was considered contrary to the articles of the Constitution.

According to Article 88 of this bill, in order to examine the complaints regarding the violations and protests of the councils, committees called Settlement of Differences and Examination of Complaint Committees will be established. According to this ratification, if the councils act contrary to their legal duties and authority and contrary to the general laws of the country, the related executive officials may inform the council of their protest by mentioning the instances and reasons within a maximum period of 10 days from the date of the notification of the ratification and request an appeal.

The continuation of the report of the Economic Affairs and Finance and Cooperatives Committee regarding the inquiry and investigation of the Saderat Bank of Iran was discussed in this open session, the continuation of which you will read below:

Permanent Properties

10.1. A chart of the trend of permanent properties after the deduction of attrition at the juncture of 1369 [21 March 1990-20 March 1991] to 1373 [21 March 1994-20 March 1995].

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"Figures in billion rials"

Name of Bank	1369 [21 March 1990-20 March 1991]	1370 [21 March 1991-20 March 1992]	1371 [21 March 1992-20 March 1993]	1372 [21 March 1993-20 March 1994]	1373 [21 March 1994-20 March 1995]
Saderat Bank	47.7	80.7	939.4	982.8	1,031.4
Saderat Bank of Provinces	68.7	128	499.6	552.2	603
Total of Saderat Bank Network	116.4	208.7	1,439	1,535	1,634.4
			1,135.4	1,135.4	1,135.4
	116.4	208.7	303.6	399.6	499

As it can be deduced from the above chart, the permanent holdings of the Saderat Bank network without deducting the reevaluation of properties in 1371 [21 March 1992-20 March 1993] has increased by R1,135,400,000,000, so that from the amount of R116.4 billion in 1369, it has reached R303.6 billion (2.6 times) in 1371, R399.6 billion (3.4 times) in 1372 [21 March 1993-20 March 1994], and R499 billion (4.3 times) in 1373.

10.2. In the Saderat Bank of Iran, according to the available inventory, over R60 billion is left in the prepayment account, which is related to immovable holdings and property. Calculating the above-mentioned amount and the remainder of the prepayment accounts in the Saderat Bank of the said province (permanent properties), it far exceeds the figures in the above chart.

10.3. The necessary supervision has not been implemented in the purchase of property or key money, such that some of the purchased property has been within the limits of the City Hall project, and at times, such as the refusal of the seller to pay, the file has not been sent to the Legal Department; the balance of such accounts has been postponed; and it is not possible to decisively transfer some of the properties. For example, some properties have been transferred to the bank by the Foundation for the Oppressed and Self-Sacrificers in accordance with the letter of purchase and power of attorney over all its limited rights, but so far it has not been removed from the account of the prepayments of the building, such as the Edalat Furniture Building at R8.5 billion and the building on Gozar-e Nowruz Khan (R3.5 billion, regarding the property of Gozar-e Nowruz Khan located on Buzarjomehri), R3.5 billion of which has been paid in cash. According to the available information, this property was located in the City Hall parking plan, and for this reason, the transfer of the deed to the bank's name has not been possible so far. Considering the length of time for the legal transfer of the property and also the freezing of the bank resources from 26/03/1371 [16 June 1992], it seems that the interests of the bank have not been observed in this regard.

10.4. Regarding the transfer of seven owned properties to the Sepehr-e Ma'refat Educational Institution, noting that the economic, technical, and financial justification report and also permission of the Central Bank regarding the establishment of the Sepehr-e Ma'refat Educational Institution were not seen in the file, the interests of the banks were not taken into consideration in the transfer of seven plots of land and property (owned from the Foundation of the Oppressed) to the Sepehr-e Ma'refat Institution at R9.7 billion, considering that 520 students were studying in that institution.

A chart of the comments of auditors of the Auditing Organization regarding the projects carried out:

Line	Description
A	Certainty regarding the recovery of all payments made up to the end of the 1372 fiscal year in the amount of R10.5 billion regarding the Khayyam Project was not evident. According to the report of the legal auditor, 2-1/[13]71 Khorasan
B	Certainty regarding the recovery of the cost carried out for the Sa'di Project in Ilam exceeding R2.4 billion was not evident. According to the report of the legal auditor, [13]72/Ilam

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Line	Description
C	Failure to present necessary documents regarding the economic justification for opening new branches and some of the constructed and purchased properties in the amount of R8.9 billion. According to the report of the legal auditor, 11/5/[13]72 Esfahan
	Regarding the completion of the Central Office Building of Kermanshah, the amount of R1 billion; the unfavorable work history of the contractor indicated his inability to complete the contract on time. According to the report of the legal auditor, 12-A/[13]72 Kermanshah
E	Failure to observe the bylaws on bank transactions (bidding procedures) in regards to the purchase of a building, at R1.3 billion, and purchasing the building complex for the residences of employees for R1.1 billion (Fars). According to the legal report, [13]72/Fars
F	Failure to present ownership deeds of 33 buildings and land in the amount of R5.7 billion to the auditors of the Auditing Organization. According to the legal report, [13]72/Fars
G	The economic, technical, and financial justification report of the Qasemabad Project for R5.3 billion was not presented and also no bidding procedures were done in regards to the selecting of Tussaz Company for the operations of the project. According to the legal auditor, 4-1/[13]72 Khorasan
H	Purchasing of immovable property for R3.7 billion was over the ratified budget of the bank of the Lorestan Province. According to the legal auditor, [13]73/Lorestan

10.5. Failure to observe Article 6 of the implemental bylaws of the note to Article 34 of the national monetary and banking law, stating that the unused portion of the movable property needed by the bank must not exceed 30 percent of the total paid capital and savings in the Saderat Bank network, is evident.

Construction Projects

The bank has invested in construction projects with the goal of selling them. Such activities are contrary to the activities of the bank, according to the charter of the bank, and in the construction projects, large sums have been invested, and sometimes the interests of the bank were not observed.

Failure to observe the contents of four implemental bylaws on direct investment stating that banks are responsible to examine and evaluate the plan for investment economically, technically, and financially prior to direct investment, in regards to the Vakilabad, Qasemabad Residential, and Khayyam Projects (in the province of Khorasan) in 1373, 1372, and 1371, is evident.

Brief Examination of the Affiliated Companies

In accordance with the request of the Inquiry and Investigation Committee regarding the presentation of the financial statements and also reports of the legal inspector and auditor of the affiliated companies of all the companies under the control of and affiliated with the bank, the financial statements for only 68 companies were received. After examining the affiliated companies, the following results were obtained.

A. Out of 68 companies, 49 companies (72 percent) are active and 19 companies (28) are inactive.

B. The kinds of activities of these companies according to economic sectors are as follows:

Line	Kind of Activity	Number	Percentage
1	Services and trade	25	37
2	Construction	22	29
3	Production	16	24

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Line	Kind of Activity	Number	Percentage
4	Agriculture	7	10
Total		68	100

C. It is noteworthy that in the 1373 fiscal year, out of the 68 companies in question, 67 companies with total investments (total holdings) of R426.3 billion, in addition to not showing a profit, have had R0.8 billion in special losses, and only the Investment Company of Saderat Bank, with R101 billion in investment, has had R7.5 billion in special profit.

D. The trend of direct investment in the 68 companies under study and the return on the investments during 1369 to 1373 are as follows:

(Figures in billion rials)

Year	Special Profit (Loss)	Total Holdings (Investments)	Special Profit in Ratio to Investment (Percent)
1369	1.3	138.6	0.9
1370	1.8	178.8	1
1371	3.1	324.2	0.9
1372	(3.5)	400.9	
1373	6.7*	527.3	1.2

*The reason for converting the losses of the aforementioned companies from the amount of R3.5 billion in 1372 to R6.7 billion profit in 1373 has been due to the increase in the profits of the Investment Company of the Saderat Bank of Iran in the amount of R7.5 billion in that year. One of the factors for the Investment Company's profitability is the use of resources without cost (investment from the bank resources for R88 billion).

Considering the support of the bank in granting financial loans to the companies under its control, the total companies examined had the highest investment return (1.2 percent) in 1373, which does not seem a significant figure, because the cost of banking operations (interest paid to depositors) far exceeds this percentage (1.2 percent). Hence, on the whole, the operations of the companies are not favorable.

E. A chart of the situation of five companies under the control of the bank in 1373 [as published; should have come before the above chart].

(Figures in billion rials)

Line	Name of Company	Investment (Property) Holdings	Debt	Shareholder Fees	Profit (Loss)	Special Profit Ratio to Investment
1	Ferinako	1	3.1	(2.1)	(0.5)	
2	Central Iranian Trade and Industry	8.9	12.2	(2.3)	(0.5)	
3	Avard Machine	7.9	2.4	5.5	0.4	5
4	Industrial Trade Services	13.1	12.3	0.8	0.7	5
5	Saderat Bank Investment	101	10.4	90.6	7.5	7.4

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Computers, Related Supplies, and System Expenditures

Despite the numerous correspondences by the Inquiry and Investigation group of the Majles requesting the contracts and amounts spent for computers and related supplies in the Saderat Bank Network, to date, a complete report has not been submitted to the group. Hence, the volume of the amounts spent is unclear and considering the information that has arrived from 16 Saderat Banks, ...the expenditures in connection with computer purchases, installation, operation, and services amounted to R40 billion. Also, no information has been received in this connection from the banks in the provinces of Khorasan, Esfahan, etc., and the following issues are under consideration.

A. Prior to the implementation of the expenditures regarding the automation plan during 1368 [21 March 1989-20 March 1990] to 1372, presentation of economic, technical, and financial justification reports were necessary, but in this case, no comprehensive report about the quantity and quality of the needed equipment with consideration for future needs was seen.

B. Failure to observe Paragraph C of Article 3 on bank transactions, stating that "major transactions of movable property must be on the suggestion of the Supply Department, the verification of the Transactions Committee, and the agreement of the general manager." In this connection, the verification of the Supply Departments have sometimes not been included.

C. Purchasing and installation transactions should have been carried out through bidding, which has not been implemented. The purchased equipment (computers and related supplies) was distributed prior to entering the warehouse for the purpose of quality and quantity control. The available receipts show that the goods, prior to arrival at the warehouse, were delivered to the consumer units, and the related hardware in the network units was not kept in such a way as to make physical control possible through tracking in the bank offices.

D. It was not evident if the contents of Notes 1, 2, and 4 of Article 23 of the bylaws on bank transactions regarding the invoices for delivery and changes of computer goods and verification of the correctness of administrative services under the supervision of an expert individual, since the transacted goods require specialization, were observed.

E. Failure to meet obligations by the sellers of computer goods to deliver the goods on time occurred on numerous occasions. In six contracts between the banks and two computer companies (Iran Systems and Puya Company), a settlement exceeding R6 billion was made, but the reasons offered by the companies to justify the delay in the delivery of goods on time were not approved by the Supply Department and have not been accessible, even for the expert opinion of the Legal Department of the bank.

F. The group did not receive the documents; the copy of the software contract; and the technical, finance, and economic report in this connection.

G. Lack of balance of system (software) expenditures vis-a-vis the services offered can be analyzed through a glance at the existing systems and in comparison with previous systems. Sometimes it is seen that in some cases there have been problems, for instance, the fund transfer control systems, Account 90000, applied changes of the branches, control systems of foreign currency deposits, accounting system (General Accounting and Budget Office), transfer of account statements of the branches (22), traveling checking account, and additional interest included in the individual short term deposit accounts.

Cars

According to Note 13 of the 1372 national budget law, the purchasing of any domestic sedan cars, with the exception of ambulances, was prohibited under every circumstance for all government ministries, organizations, establishments, and companies, and companies which are subject to the law, if mentioned by name.

Instances under consideration:

Purchasing 17 domestic cars by the Saderat Bank of Esfahan Province

Purchasing of two Peykan cars by the Saderat Bank of Bushehr Province

Purchasing of two Nissan Patrol and Ahu Jeep cars by the Saderat Bank of Chahar Mahall and Bakhtiari

During the previous fiscal years and the fiscal year of the report (1372), a total of 14 vehicles were transferred by the Investment Company of Khuzestan Lorestan at a cost of R325.2, in accordance with leasing contracts with the option to buy or without contracts, mainly at cost to the Saderat Bank of the province and the banks of the shareholder province of the company. In this process, the interests of the company have not been proven for the Auditing Organization (13/06/1372 [4 September 1993]).

In 1371, a Volvo F trailer truck was donated by the Kerman Supply Company (importer of trailers and using purchases to the bank for use of loans [as published]) to the Kerman Saderat Bank. The above-mentioned vehicle, prior to recording in the bank

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accounts, was sold to the Kerman Milk Industries Company in exchange for a sedan car (Galant) and R20 million in cash. The latter amount of cash was used to purchase a Benz Khavar truck, which is used by the bank. The reasons for not recording the above-mentioned activities in the bank accounts have not been justified for the Auditing Organization.

Bank Employees

In the selection of managers, the appropriate care and methods were not implemented, because the leadership duties of the banking units in the Saderat Banks of provinces must be entrusted to individuals who consider the goals of the bank charters, inspired by the principle of decentralization of committed individuals with expertise and useful experiences in banking affairs.

The Saderat Bank and the Saderat Banks of the Provinces have sufficient expert, experienced, and committed individuals with sufficient work histories (even 30 years of bank service) whose competence and trustworthiness and expertise in banking affairs has been proven. Nevertheless, it has been observed that people with little experience, even without a history of working in a bank, and in total disregard for the fact that their educational fields are not related to banking, such as graduates with bachelors degrees in physics, electronics, mechanics, electricity, roads, and construction, etc., are used to take charge of the Saderat Banks of the provinces, the supervision of areas abroad, and in companies affiliated with the bank. The consequences of this practice has sometimes been great losses, late and uncollectible debts, etc.

In the appointment described, considering the employee number,[1] the manager's lack of banking record and experience is certain.

Conclusion

With a brief examination of the operations of the network of the Saderat Bank of Iran, the following deficiencies, problems, and shortcomings are under consideration.

1. Lack of devised control systems and active supervision and lack of attention to the reminders of the inspectors of the Saderat Bank of Iran was observed.

2. Sometimes, failure to implement and observe the laws, regulations, and implemental bylaws of interest-free banking ratified in 1362 [21 March 1983-20 March 1984] by the Majles regarding the granting of loans and failure to observe the ratification of the Central Bank Monetary and Credit Council was observed.

3. Lack of active supervision by the Central Bank over the system of operations of the Saderat Bank of Iran and failure to perform its legal duties (supervision over government banks in accordance with Article 20 of the law on interest-free banking operations).

4. In some cases, in connection with the granted loans, the preparation of technical, financial, and economic reports has not been carefully examined.

5. At times, failure to obtain sufficient collateral and backing regarding the granted loans was observed, and the obtained coverage was in the form of checks or promissory notes, in which case the interests of the banks were not observed.

6. At times, the disorder and lack of control and supervision in the branches abroad and misuse in some branches, such as Fajireh Branch was observed.

7. To improve the operations of the Saderat Bank System, the following must be done:

A. The National Inspection (Organization) and the Accounting Office must be more active than in the past in the preparation of detailed and regular reports on the operation of the bank.

B. Rapid and decisive action must be taken by the Judicial Branch against the abusers of the Treasury and negligent and transgressing managers.

C. The Central Bank must become active in carrying out its legal duties.

D. The Ministry of Economic Affairs and Finance must increase its supervision through the legal authorities, pay attention to the reminders and reports of the Auditing Organization, and follow through on them.

E. It is recommended that the Majles Economic Affairs and Finance Committee have more regular supervision over the operation of the banks.

F. It is recommended that the Majles Article 90 Committee have more regular supervision over the companies under the control of the banks.

Tehran City Hall Inquiry and Investigation Report

Following the request of Messrs Seyyed Ahmad Musavi and Mohsen Kuhkan, Majles deputies, regarding the inquiry and investigation into the operations of Tehran City Hall during the tenure of Gholamhoseyn Karbaschi, the mayor of Tehran, and its approval by the Councils and Internal Affairs Committee, the subject was ratified in the open session of the Majles on 27/04/1374 [18 July 1995], and according to Article 149 of the bylaws, the follow up was referred to the related committee. The Councils and Internal Affairs Committee appointed the

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members of the Investigation Committee on 03/05/1374 [25 July 1995], and then the committee began its work. Despite the lack of cooperation and disruptions by the mayor of Tehran, who did not make it possible to examine all the issues intended by the requesters for inquiry and investigation, after examining a mass of complaints by the people and inviting some of the officials of the City Hall, other officials, and representatives of the executive and judicial organizations, with the cooperation of other organizations and considering the legal deadline, on the one hand, and the expanse of the operations of the City Hall and dozens of organizations and affiliated companies, on the other, the following brief report is presented:

A. Manner of Reaction of the City Hall to the Inquiry and Investigation (Subject of Violations of Notes 1 and 5 of Article 149 of the Law on Internal Bylaws)

The legal articles and notes (Article 149 and its notes) oblige the organization subject to inquiry and investigation and other organizations to cooperate and present information requested by the committee and regards deviations from it an offense in accordance with Note 5. Such violations are examined by the Articles 88 and 90 Committee. In this case, the relationship between Tehran City Hall and the Inquiry and Investigation Committee and the offering of the information has two bases.

1. Lack of Cooperation

On numerous occasions, simultaneous with the visit of the committee or the experts to the City Hall organizations, they refused to present the documents requested by the committee or experts. For example, lack of cooperation and presentation of statistics and information to two experts of the committee, who were cooperating through the Accounting Office, resulted in their work being halted and consequently their inability to present their work to the committee. Numerous reports of dispatched committee experts regarding the lack of cooperation and failure to offer information by the City Hall and its organizations are available in the inquiry and investigation file.

2. Giving Untrue Answers and Forging Documents Sent

Regarding sending untrue answers and forging documents by the City Hall, the Inquiry and Investigation Committee will only mention two examples:

Since in the report of the Auditing Organization regarding the financial operations of the Tehran City Hall, which is carried out upon the request of the City Hall itself, reference is made to bank accounts about which the Auditing Organization Committee has no information, the Inquiry and Investigation Committee chose Account No. 284-60090 of the Baharestan Branch of Tejarat Bank as an example, and in letter No. K/T/561 dated 01/11/1374 [21 January 1996] requested of Tehran City Hall to announce the operations of this account to the committee. In letter No. 10/7443243 dated 11/11/74 [31 January 1996], the City Hall announced that Account No. 284-60090 does not belong to the Tehran City Hall. The Committee followed up the matter again through the related bank, and it became clear that the aforementioned account is in the names of two deputy mayors. In letter No. K/T/606 dated 25/01/1375 [14 April 1996] to the Tejarat Bank, the committee requests eight instances of deposits and withdrawals of over R400 million in that account. The related bank, in letter No. 2117/283/210 dated 25/02/1375 [15 May 1996], sent the following documents:

1. A deposit of R497,250,000 on 05/07/1373 [27 September 1994] with check No. 700619 from Account 90028 of the City Hall Branch of Melli Bank to this account (60090).

2. A deposit of R623,157,200 on 28/04/1373 [19 July 1994] with check No. 583102 from Account 13520 of Tejarat Bank to this account.

3. Deposit to this account of R443,200,000 with check No. 695055 from Account 973-13849 of Baharestan Branch of Tejarat Bank, entitled Revolving Funds of Deputies.

4. Withdrawal of R500 million as debt to the Ministry of Interior by one of the people with signature rights on Account 284-60090.

5. Withdrawal of R2.3 billion on 04/12/1373 [23 February 1995] for the City Goods and Services Company from the said account.

6. Withdrawal of R500 million for the City Goods and Services Company on 11/01/1373 [31 March 1994] from Account No. 284-60090.

7. Withdrawal of R700 million for the City Goods and Services Company on 10/07/1373 [2 October 1994] from the said account.

8. On 13/07/1373 [5 October 1994], a total of R466,620,000 was deposited from Account 284-60090 to Account 28301383 with checks No. 152818, 152817, 152819, 152822, 152820, 152824, 152823, 152826, 152825, 152816, and 152815, made out to Iran Vehicles for the purchase of 12 vehicles form the Iran Vehicles Company for 12 deputies and high-ranking officials of Tehran City Hall in the name of the same individuals.

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The second instance concerns the forging of documents sent to the committee. In this connection, the Inquiry and Investigation Committee requested a number of the minutes of one of the companies affiliated with the City Hall (the Goods and Services Company). Following it, the photocopy of a number of these minutes attached to the official letter of the Tehran City Hall was sent to the committee. But by obtaining some of these minutes from sources outside the City Hall, it became clear that in the minutes sent, some of the paragraphs ratified by the board of directors were omitted, and the signatures of the members had been moved around, for example, changes in Minutes 103/24 dated 16/11/1373 [5 February 1995] of the company or the omission of Paragraph 3 of Minutes 102/23 dated 09/11/1372 [29 January 1994], which concern the sale of 30 tons of paper to JAHAN-E ESLAM newspaper.

B. Financial Problems

It must be admitted that the time limitation for inquiry and investigation, on the one hand, and lack of cooperation of the organization subject to the inquiry and investigation, on the other, do not provide the opportunity to carefully examine and evaluate the financial operations (several thousand billion rials) of Tehran City Hall. The following are only some points of the operations and an examination of one fiscal year of Tehran City Hall:

1. Investigation into the Tehran City Hall districts in connection with the developmental expenditures indicate that Articles 5 and 33 and the bylaws of Tehran City Hall transactions (ratified 25/01/1355 [14 April 1976]) regarding the procedures of transactions and the limits of transactions have not been observed, or the amount of one transaction has been divided to several parts in order not to be subject to the transaction procedures.

2. In 1372, R5,954,000,000 has been transferred from the ratified budget of developmental funds to the current funds, contrary to the content of Article 28 of the Tehran City Hall law.

3. According to City Hall's announcement, about R16 billion in aid has been given by the City Hall. Below, only two instances that are contrary to Article 73 of the City Hall law will be mentioned.

A. R65 million in aid to Amol University

B. R10 million in aid to Sabzevar City Hall

4. The examination of the Auditing Organization indicates that in 1372, a total of R470 million was deposited in Current Account 284-60090 of Tejarat Bank at the Baharestan Branch (joint account of the Tehran City Hall deputy mayors, which is not reflected in the City Hall accounts), which was initially included in the expenditures account and later transferred to the debit account of the affiliated organization for investments in HAMSHAHRI newspaper.

5. The investigation of the Auditing Organization at District 4 indicates that funds have been deposited by taxpayers in Current Account 1289 of the Jashnvareh Branch of Melli Bank of Iran in the name of Tehran City Hall. The above-mentioned account is not reflected in the district books, and due to the failure to present the documents and evidence related to this account, the amount and nature of the funds deposited in this account and consequently payments from this fund are not specified.

6. According to Article 34 of the financial bylaws of city halls ratified on 12 Tir 1346 [3 July 1967] and later amendments, the method of revolving funds is determined and announced in accordance with instructions by the Ministry of Interior. By the date of the preparation of the report, the instructions were not announced. Hence, in order to control and prevent likely misuse, it is necessary to prepare and implement instructions containing the ceiling of the revolving funds of each of the employees or offices and obtain the necessary guarantees from the holders of funds and the procedures for settling them.

7. Expenditures outside the budget have been a part of the expenditures in the years prior to 1372 and 1373, which lack the necessary credit in the budget of the related years. The remainder of the above-mentioned expenditures at the end of 1373 is R24,292,000,000, which was not settled until the date of the preparation of the report, whereas in order to transfer the above-mentioned remainders to the expenditure accounts, in the budget amendment of each period, the necessary funds should have been allocated and included in the expenditures accordingly. Moreover, the reflection of the aforementioned amount as one of the property items in the balance sheet at the end of 1372 was not correct, and as a result, the difference between the annual revenues and expenditures also has shown this amount in excess of the actual level. Also, in 1372, the amount of R600 million if expenditures outside the budget of 1371 was included in the 1372 expenditures account, for which the related justification is not presented. Moreover, according to the content of Article 79 of the city hall law ratified on 11/04/1334 [2 July 1955] and later amendments, on the whole, payments outside the budget are not allowed.

8. The remainder of the Payam-e Resa Company account concerns the funds paid to that company in implementing the agreements signed with Tehran City Hall

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(implementation of the HAMSHAHRI project; procurement, installation, and operation of the Book Publishing Audio-Visual Unit; the holding of seminars, etc.). The remaining debt of this company regarding the balance of accounts receivable for the signed contracts is also R1,202,000,000, but contrary to the content of the signed agreements, they have not been settled and included in the expenditures by the end of 1272.

According to the answer received from the company, the amount owed the Tehran City Hall was announced as a total of R4,291,000,000, which is R516 million more than the remainder recorded in the books, the reason for which has not been stated.

9. The remaining debt of the Cultural Space Development Company at the end of 1372 is R350 million, related to the remainder of funds paid to the above-mentioned company for the equipment of the building of the company and the signed agreement. The expenditures made by the above-mentioned company in 1372 includes R500 million for the equipment of the building, $230 million for the ceremonies to honor the status of women, and R200 million for the making of a motion picture, which have been included in the account of the developmental expenditures of Tehran City Hall.

It should be mentioned that the social affairs deputy of Tehran City Hall also holds the position of the general manager of the Cultural Space Development company. Hence, the expenditures have been approved and carried out by a single person.

10. The remainder of the debt of Mr. "'A. B." in 1372 in the amount of R47 million is related to $30,000 received for travel expenditures. Also, the remainder of the debt of Mr. "A. A." for R32 million is related to the 1371 debt, and R24 million of the debt is for 1372.

11. The amount of R99,095,000,000 is recorded by the Tehran City Engineering and Development Organization and the Technical and Engineering Consultant through the account statements issued for the developmental expenditures in the accounts of the Office of the Technical and Developmental Deputy. Hence, the expenditures have not been in accordance with the financial bylaws of Tehran City Hall and were made in accordance with the internal regulations of that organization. Moreover, the technical and developmental deputy of Tehran City Hall is also the chairman of the board of directors of the above-mentioned organizations.

12. Large amounts have been paid to the consultants of Tehran City Hall, some of whom have neither presented any documents regarding a consulting contract nor are employed in the City Hall. However, some have not had an active presence in the City Hall and occasionally have come to the City Hall in connection with cases that were related to themselves or their companies.

13. Payment of funds to individuals not employed in the Tehran City Hall who have had no professional relations with the City Hall was contrary to the regulations and lacks legal justification, for example, two persons who have received amounts of about R120 million on numerous occasions from the City Hall District 1 for purchases. Also, the same people have received R5 million for salaries of the first six months of 1370 [21 March 1991-20 March 1992] and the last four months of 1369 [22 November 1990-20 March 1991]. Also, giving R100 million to a questionable individual for purchasing the pictures of all the Iranian prime ministers from the Constitutional Revolution to the end of the Pahlavi dynasty and granting R150 million by the Tehran City Hall to establish a painting exhibition of an old Tudeh member who after eight years of living abroad and cooperating with counterrevolutionary publications such as PAR has returned to Iran have been illegal and are considered misuse of public property.

14. Leasing of an apartment for the resources of some of the contract deputies, managers, and officials of the City Hall and providing all the resources and living equipment for them from the checks received from clients, which under various pretexts were made to cash and regarding which no traces of records exist in the accounting books are contrary to the rules and regulations and are regarded as misuse of professional position and waste of public property.

15. According to the investigation and the statements of the City Hall officials, almost all the signed contracts and transactions of Tehran City Hall have been carried out without taking into consideration the interests of the treasury and illegal payments were made to contractors without bidding and justification with intended actual or legal persons, and in some instances even without signing contracts. Examples are the Hygienic Cleaning Service Company, Mr. (S) Company, and Truck and Esfahan La'l Company.

16. Agreement to purchase a R700-million building located on Kashef Street and the repairs, decoration, landscaping, installation of lamps on posts, parking structure, etc., by the City Hall of District 1, to be used by the mayor of Tehran, and failure to present the documents in connection with the purchasing of property and related expenditures, and failure to verify or deny the issue by the Tehran City Hall in response to the question of the chairman of the committee.

17. Most City Halls of the District of Tehran, despite the frequent and emphatic directives and recommendations of the grand leader for economic discipline at all

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administrative levels, prevention of uncontrolled use of public property and the treasury, and avoiding luxurious living and excessive ceremonies, have contracted luxurious new administrative buildings, creating numerous offices and rooms for the so-called mayors and spending large amounts of money on decorations, furniture, excessive luxury items, closed-circuit cameras, and in some instances saunas, pools, etc.

18. The issuance of Circular Letter No. 10/7443236 dated 11/11/1374 [31 January 1996] by the Tehran City Hall, according to which transactions up to R200 million are within the authority of so-called mayors of the districts and general managers, transactions up to R500 million within the authority of deputies of Tehran City Hall, and transactions up to R1 billion within the authority of the Tehran mayor, is contrary to the financial bylaws of the City Hall that state that transactions of R100 million and over must be upon the suggestion of the Tehran mayor, the approval of the deputy chair of the City Council, and the approval of the Cabinet.

19. Some Tehran City Hall officials have justified the lack of belief of the City Hall in implementing general bidding with regard to projects and the goal of carrying out the projects by selecting intended contractors through limited bidding as "speed in action and better quality of work," whereas the harmful incidents of the "Parastu Bridge" and the collapse of the building structure of the Navvab Project, which resulted in great losses of life and property, are clear evidence of the baselessness of this claim and do not justify the clear and certain violations of the Tehran City Hall.

In this session, the report of the Articles 88 and 90 Committee of the Majles regarding the questions of Naqaba'i and Moqanian, deputies from Tuysirkan and Bijar, to the ministers of health, treatment and medical education and mines and metals were read.

This committee considered the response of the minister of mines and metals to the question of Moqanian, deputy from Bijar, regarding the closure of the Bijar Iron Ore Mine and the resulting problems as well as the construction of a steel mill in Kurdistan province as convincing and regarded the response of the minister of health, treatment and medical education to the question of Mr. Naqaba'i, the deputy from Tuysirkan, regarding the reason for not implementing the fair distribution of physicians known as the three-fifths and four-fifths plan as convincing, except for one instance.

At the end of this session, by presenting a proposal, the deputies asked that the Payam-e Nur University spend 60 percent of its current expenditures (including general and special revenues) and 40 percent of its developmental revenues on the basis of the law of the procedures of the financial affairs and transactions of universities and higher education and research institutions without observing the general government regulations.

Note

1. Employees with employee numbers 50,000 and higher are newly hired employees.

Iran: Provincial Majles Deputies Show Like-Mindedness

LD3007123396 Tehran RESALAT in Persian 22 Jul 96 p 5

[Unattributed Report From the "On the Sidelines of the Majles" column]

[FBIS Translated Text] In the early days and weeks of the [fifth] Majles, a great deal of sympathy and like-mindedness has been witnessed between the deputies, especially the deputies for the provinces [outside Tehran]. These days, as soon as the session is finished, provincial deputies hold meetings in the corridors of the Majles and engage in discussions. The association of deputies from underprivileged areas and the association of deputies from tribal regions are two of the groups that have taken shape in the Majles in recent weeks. Deputies have also come together for the first time to think of ways of pursuing women's issues.

Iran: Member of Assembly of Experts Dies

LD2607110896 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 0930 GMT 26 Jul 96

[FBIS Translated Text] Ayatollah Haj Shaykh Mohammad Reza Kazemi, representative of the people of Kermanshah Province in the Assembly of Experts, died this morning at the age of 90.

This eminent cleric spent 43 years of his life in Kermanshah Province, teaching religious sciences.

Iran: Foreign Media 'Exaggerated' Number of War Dead

LD2907192396 Tehran TEHRAN TIMES in English 27 Jul 96 pp 1,14

[Report: "Number of Iranian Martyrs Exaggerated by Western Media"]

[FBIS Translated Text] Hojjat ol-Eslam Mohammad Hasan Rahimian, head of the Foundation for Islamic Revolution Martyrs, announced that the total number of the Islamic revolution martyrs stood at 213,000.

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Making the above remark in an exclusive interview with TEHRAN TIMES, Rahimian said that biographies of all the Iranian martyrs have been compiled by the foundation and that they would soon be published as a collection.

Referring to the hostile propaganda of the Western media aimed at the Islamic Republic of Iran, Rahimian added that the number of martyrs estimated by the West widely differs from the real figures released by Iran.

Meanwhile, he noted the the alleged number of the Iranian soldiers martyred during the Iraqi imposed war, as formerly announced by some Western media, was also quite far from reality.

By releasing such baseless figures, the Hojjat ol-Eslam added, the West aims to wage a psychological war against Iran, portraying it as a country not being capable of using modern arms and equipment.

He further classified those martyred for the cause of the Islamic revolution into four categories: Those martyred under the felonious Pahlavi regime from June 1963 to February 1978; those martyred by terrorist Mojahedin-e Khalq Organization (MKO) and other counter-revolutionary groups from 1979 to 1981; those martyred during the eight years of the imposed war from September 1980 to July 1988 and finally, those who fell victim to other criminal acts, such as the downing of the Iranian airliner by the aggressor U.S. forces in July 1988.

Rahimian went on to say that a considerable number of civilians were martyred also due to bombardments and air raids in wartime.

Referring to the Iraqi officials' refusal to announce the exact number of the casualties in wartime, the head of the foundation estimated the Iraqis' death toll at around three times as large as that of the Iranian martyrs.

He said that Iran's light casualties in wartime had been largely due to sufficient military training, appropriate use of armored vehicles and weapons, the government's relentless efforts at constructing shelters and, above all, the divine help.

Iran: Death Sentence for Man Who Fired at Rafsanjani in 1994

LD2907121196 Tehran KAYHAN INTERNATIONAL in English 24 Jul 96 p 8

[Unattributed Article: "Death For Man Who Made Attempt on President's Life"]

[FBIS Transcribed Text] Tehran, 23rd July — A revolutionary court has sentenced to death a young man who fired shots at President Akbar Hashemi-Rafsanjani in February 1994, a newspaper reported Tuesday [23 July].

Kurosh Nikakhtar, 28, fired several shots as the president addressed a gathering at the shrine of the founder of Islamic Republic Imam Khomeyni, to mark an anniversary of the 1979 Islamic Revolution on 1st February 1994.

The gunmen was arrested immediately after the incident.

Nikakhtar's accomplice, Mohammad Musavi-Nia, was also condemned to death by hanging, but the sentence was overruled by the supreme court and the case has been forwarded to another tribunal, the Keyhan Persian daily said, citing Judge Mohammad Reza Rahbarpur.

A third suspect, Mohsen Salsali, was given three years in prison.

Some 20 people were arrested in connection with the incident, which most Iranian leaders described as a plot to assassinate the hojjat ol-eslam [Rafsanjani].

Iran: High Prices Bemoaned, Merchants Attacked

96LH0222A Tehran KAR VA KARGAR in Persian 21 Apr 96 p 5

[Report by Nuzar Amin-Saromi]

[FBIS Translated Text] Wherever you go today there is talk of inflation and back-breaking high prices. This has become the topic of the day. Majles deputies talk about it, experts attack it, and insiders and people with positions bemoan it.

Early in the morning at the breakfast table they report on the high prices of milk and dairy products, and when you go to work the drivers of the taxis and mini-buses demand higher fares.

Turn radio dial, and they talk about the increased price of motor oil from 225 rials [R] to R800. At work, everyone asks, what can anyone do with these wages? Go to the market in the afternoon to buy your daily needs, and it is impossible to get close to the goods because of the high prices, much less buy them. Ask the seller "why?" or protest the high prices of gasoline, oil, dried whey, cotton, or other things, and he will give you reasons and present himself as being justified. In any case, everyone has something to say and a point of view. However, what we see in practice is runaway prices and that is all.

Shahrestani Street on Emam Hoseyn (peace be upon him) Square is one of the buying centers for those in East Tehran. The heavy crowding and the noise of the fruit sellers and butchers give a different atmosphere to this place. At a bend in one of its alleys in front of a

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fruit seller a woman is talking with the shopkeeper. It becomes clear that the discussion is about the price of apples. After the commotion ends I ask the woman what has been happening. She says uncomfortably: This fruit seller was selling red apples at 150 tumans per kg. I had come to buy. When he got busy and there were many customers for apples, he suddenly put a 180-tuman sign among the apples in place of the 150-tuman sign and said the price was 180 tumans. Several of us protested. He said if it is too expensive, don't buy. He overcharges just this easily. Please print it in your newspaper that selling at high prices and extortion by sellers has nothing to do with the matter of high prices, which cannot be solved. Selling at high prices is a crime and a violation like other crimes, and the government can at least stop this. The Penalties Organization only deals with listed items or items sold with a receipt, and the prices of fruit or technical services have no rules of any kind.

A gentleman next to us who heard what the woman was saying pushes several people aside, steps forward and introduces himself as Kazem Baba'i-Nezhad. He says:

"In support of what this woman is saying, several days ago I took my motorcycle for repair to a motor repair shop. One hour later when I picked it up they demanded 10,000 tumans. When I asked why, they mentioned several phony and made-up problems, and they said they installed a Japanese part that was expensive. I did not know to whom or where I should say that the part was Iranian. Then I went back and we almost had a fight." Continuing, he added, "One must argue or debate from morning to night with the merchants, drivers and others. Everywhere you go, they are cheating the customers on a few items on the pretext of high prices. The officials and organizations should think more about this. This has nothing to do with high prices. They just need to stop a few opportunists."

In front of the Qods store at Imam Hoseyn (peace be upon him) Square, Mohsen Hajipur introduces himself as a student. He says "In recent days we have seen excessive price increases, as well as the government's lack of success in controlling and anchoring the prices. Therefore, the government should make its campaign against these instances more serious, and it should deal more decisively with the brokering and the intermediaries this chaotic market has created. Today we see many individuals who have become involved as middlemen, playing some kind of role in the price increases that result from goods changing hands. The people also have little interest in producing. The insiders have the duty of guiding them into productive employment."

He also said: The reinforcement and activation of cooperatives will reduce this problem, and will prevent excessive price increases and the abuses of a few opportunists. The more directly goods are marketed, the lower the price when they reach the consumer. Otherwise, each one will want to make a profit. What is the real need for a good to change hands ten times, and then to come to me, the consumer? In the midst of this, some even take the goods to hoarding warehouses. Unfortunately, in practice the government is not dealing harshly with the hoarders. It punishes them with fines, while in these crisis conditions, hoarding is a very heavy crime.

Several Recommendations

What is clear is that the existing inflation is the result of structural factors and the increase in the existing currency in circulation. This must be pursued with basic and principled planning, and with reform or by providing economic, social and technical structures, and it must be seriously pursued by anchoring currency in circulation and guiding it into producing sectors and investment for productive employment, by increasing production and improving the quality of goods, eliminating the obstacles and problems for production, promoting a proper consumption model, designing cultural and social policies to improve distribution and measures of this nature.

With all this, it is necessary to mention that although high prices and selling at high prices are two related phenomena, fighting against those who sell at high prices will not eliminate high prices. Fighting each one demands a special method. Selling at high prices can be controlled more quickly and easily and one can easily fight against it, but fighting against high prices requires long-term planning. High prices are an illness with roots in the economic structure, and therefore, must somehow be uprooted structurally. Some economic experts believe that selling at high prices and those who sell at high prices are one of many factors that bring about the phenomenon of high prices or exacerbate it. As it happens, high prices can be controlled and fought more easily than the other factors.

Other factors that could be mentioned are the high level of consumption compared to production and demand, excessive exporting and importing of smuggled goods, the growth in currency in circulation, the low level of investment in the productive sectors, the movement of capital into brokerage and intermediary activities, problems related to the production, export and the price of oil, the increased importation and consumption of ostentatious goods, the lack of a logical and just system of distribution, the lack of a proper tax collection system, the problems and difficulties with economic

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relations with other countries, the economic embargo and tens of other small and large problems.

Each one of these factors in some way has played a determining role in creating and spreading inflation and high prices. On the other hand, one must also take note of the important point that the Pahlavi regime left an ailing, one-product and dependent economy, the problems related to the eight years of the sacred defense, post-war reconstruction issues and the difficult path to development, are all instances that must be taken into account. To study inflation and high prices separately and apart from the factors mentioned and to judge on that basis will lead us astray. Consequently, any prescription to treat the disease of high prices must take into account the superficial and underlying factors and the numerous issues of today and yesterday, in many dimensions, so it will be able to treat the disease at its root and in a basic way.

Iran: General Views Law Enforcement Forces' Obligations

NC2607151796 Tehran RESALAT in Persian 17 Jul 96 p 13

[FBIS Translated Text] The law enforcement forces guard our house and are the protectors of our social environment as well as the succorer of the oppressed.

This was stated by Major General Dr. Seyyed Hasan Firuzabadi, head of the Armed Forces General Staff Headquarters at the joint morning ceremonies at the headquarters at the start of Law Enforcement Forces Week [17-23 July]. He was speaking on the obligations and orientation of this force, as based on the exhortations of the great leader.

General Firuzabadi stated: The first point stressed by our mentor and which is very important is that the armed forces should develop its legal powers. This means that a member of the law enforcement forces — whether in his capacity as a commander, traffic controller, or border guard — is one whose appointment has been endorsed by the blood of thousands of martyrs and the cry of "God is Great!" from 60 million people. This implies that such an official can protect Islam, the law, and the nation in the correct manner. All these regulations are for the benefit, security, and service of the people.

He continued: If a member of the armed forces has such an honor, power, and backing reposed in him, he will realize that he represents the martyrs and serves the nation by preventing aggression and crime and preventing violations of regulations and organizational matters.

He added: The second point is that the law enforcement forces are serving the people with empathy and affection. Power does not imply lack of compassion or an insulting attitude. One should serve with firmness, will, and determination. The law enforcement forces' relationship with the nation like a lawyer and his client; this rapport should be forged with affection and service.

Continuing his remarks, Major General Firuzabadi stated: The third piece of guidance by His Eminence [Khamene'i] is that the law enforcement forces should be vigilant of their legal obligations. An important point is that when we fulfill a legal obligation and are firm in doing so, we encounter difficulties from those who are opposed to the rule of law. However, legal obligations must be carried out and cannot be ignored or negotiated on.

He said: If we want the people to experience a sense of security, they should be aware that the armed forces are not open to bargaining. The armed forces will stand firm in carrying out its legal obligations. Its steadfastness stems from faith in the power of the Almighty, the supreme guardian of truth, the Vali-ye Faqih [supreme jurisconsult], the blood of the martyrs and the nation's cry of "God is Great!"

Iran: Western Press' Anti-Iranian Stands Criticized

NC3007105996 Tehran ABRAR in Persian 22 Jul 96 p 12

[Commentary by L. 'Abedini: "Anti-Iranian Propaganda in the West's Scandalous Press"]

[FBIS Translated Excerpt] In the past few days, Italy's CORRIERE DELLA SERRA and Spain's ABC have published reports that their authors believe reveal Iran's espionage and extra-territorial activities!!

In these two articles, which have used the information provided to them by the Zionist newspaper MA'ARIV, the authors refer to the existence of 20,000 Iranian agents and spies throughout the world who have been assigned the mission of exporting the Islamic Revolution!

Probably at first glance, the perusers of these articles may show indifference because of the repetitive nature of such hasty stands by the West's mass media. But the method of citing details is a phenomenon used to attract public opinion and something that Westerners think grants an air of truth to such articles. Thus, CORRIERE DELLA SERRA and ABC have used these methods and reported on Iran's espionage activities by documenting their allegations with details. But, by receiving their information from the Zionist regime, these newspapers have made themselves a laughing stock of security

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analysts, since the names and positions of the people listed in these articles are so far from truth that they prove how baseless the intelligence sources of Mosad and the CIA are. [passage omitted]

When readers of the Western press come across a report on Iran, they are fed spiteful ideas in between the lines in a bid to disturb the readers' minds. Thus, the use of words such as Islamic militia and terrorist training garrisons in Iran are merely a small part of the West's cultural onslaught against Iran, an onslaught that culminates with the distortion of reports or with the propounding of analyses based on theories of plots and pessimism. [passage omitted]

The Western and Zionist news and press circles are well aware that the Islamic Revolution cannot be exported by resorting to violence and espionage, but through cultural activities. Therefore, the publication of such lies and the spiteful wording used to create an unhealthy attitude toward Iran is a means the Westerners are using to confront the cultural export of the Islamic Revolution.

This news onslaught against Iran by Western press circles is taking place now because Washington and Tel Aviv have failed in their efforts to gain the consent of European countries in imposing sanctions and condemning Iran. Therefore, they are trying to use second-rate non-governmental and unofficial institutions and establishments in Europe to assist America in its plans, by creating a psychological atmosphere against Iran so that in the following phase the European countries will have to display more flexibility toward America and ignore their own national identity and determination. Also, from the point of view of America and of the Zionist regime, the explosion at the American base in Dhahran, Saudi Arabia has created a favorable situation for a better and more spiteful use of such propaganda!

Iran: Liberalism Called 'Destructive,' 'Chronic'

96LH0217A Tehran KAR VA KARGAR in Persian 21 Apr 96 p 2

[FBIS Translated Text] The goal of this article is to discuss an undesirable phenomenon in our society, and that is the practice of forgetting the words of the wise leader of the Islamic revolution.

We have seen repeatedly that His Holiness Ayatollah Khamene'i has given memos concerning an unacceptable social and political phenomenon, and then the officials and the people, after making a superficial response, deal with it in an entirely temporary way.

During the time of his holiness the imam (peace be upon him) it is also possible to recount such instances. An outstanding example is the emphasis the exalted leader gave to avoiding ostentation. The only thing that was done about this was making a change from automobiles of the latest system to Peykans, and that was just for a short period of time!

We believe this kind of social behavior should be reformed and that a group or an institute should be put to work explaining the practical frameworks for His Excellency's advice, so that we will be able to make use of his guidance in the best way.

The goal of this introduction is to discuss the problem of liberalism. During the elections we heard the exalted leader say that liberalism is a chronic and destructive problem, and he emphasized the need to eliminate it from society, but unfortunately this was used as an election slogan. The press, especially the Voice and Vision Organization, only mentioned this during the days of the elections, and warned about the presence of liberals.

According to statements by the exalted leader, and in the testimony of Iran's contemporary history, liberalism is not something that appeared for the first time in the elections for the Fifth Majles, and it is clearly not a phenomenon that will be forgotten with the completion of the elections. Since the time Iranians came face-to-face with Westerners (before the Constitutional Revolution) the appearance of liberalism could be seen in our nation's culture, politics and economy. The presence of dependent intellectuals in high political and cultural circles became a factor that caused this evil phenomenon to penetrate dangerously into all of Iran's social and political affairs. This continued after the Constitutional Revolution ended (Sheykh Fazlollah Nuri was the first martyr on this path). It continued as Pahlavi rule eclipsed Iran's society in a completely destructive way until the year 1357 [21 March 1978 - 20 March 1979], and it continued its criminal life after the Islamic revolution during plots by foreigners in contacts with their spy centers and in the framework of the press and cultural centers, taking root in the economy with emphasis by certain people on an open economy, giving the private sector room to operate, involving, to an extreme extent, the conversion of classical market economy theories into theological arguments.

It is thus clear that liberalism is not a simple problem that can be passed over easily. It needs more fundamental research and investigation and a more profound examination.

Unfortunately, improper and sometimes factional interpretations of the exalted leader's words have caused many groups to speak erroneously of this phenomenon. In this regard, the exalted leader's primary audi-

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ence with respect to liberalism, these very dependent and mercenary writers, along with people who can be found among our own (!) with a slight change of facial expression, were forgotten.

We believe that this destructive phenomenon, in the context of the exalted leader's words, must not be treated superficially. Indeed the media, and especially the Voice and Vision Organization (!) have the duty to make the boundaries clear and to specify the limits and the evidence of liberalism's involvement in the economy, culture, politics and other affairs.

We are prepared to make use of the views of all the experts in this area and to extend the hand of cooperation to all those who can help us perform our mission.

Iran: SALAM Answers Callers' Questions on Domestic Issues

NC2607105496 Tehran SALAM in Persian 20 Jul 96 p 3

[From the "Hello SALAM" column]

[FBIS Translated Text] [Unidentified caller] Our journalists' support for a foreign journalist who was assassinated for writing the truth is extremely admirable and praiseworthy. But it would have been better if the same type of admirable attitude could be shown at home toward people like 'Abbas 'Abdi, Mohajerani and the closure of publications such as BAHAR, BAHMAN, and JAHAN-E ESLAM. Charity begins at home.

[Unidentified caller] The presidential elections are approaching. But there are still no parties in the country and people must vote for individuals whose political and economic views they are not acquainted with. When will this situation be corrected so that the people will be able to participate in the elections more alertly?

[SALAM] What was wrong with the Majles elections? Can the same enthusiasm not prevail in the presidential elections? Do not worry about the absence of parties.

[Unidentified caller] Your newspaper's political contents have dropped to a low level. In particular, the "Hello SALAM" column does not cover many of our problems. As a reader, I am not satisfied.

[SALAM] We, like you, are not satisfied either. But we should not say that we are not free! [passage omitted]

Nepal & Bhutan

Nepal: Indian Embassy Says Boundary Has Moved Into India

BK2607131496 Kathmandu THE KATHMANDU POST in English 26 Jul 96

[Report by Correspondent — Received via Internet]

[FBIS Transcribed Text] KATHMANDU, July 25 — The Indian Embassy in Kathmandu took the lead today in quelling a growing controversy regarding the recent Nepal-India border agreement in Jhapa district.

In a strong statement, the Indian embassy said that recent press reports on the subject of manipulation of boundary pillars on the India-Nepal border to Nepal's disadvantage are "factually incorrect and motivated".

"In sharp contrast to what UML [United Marxists-Leninists] Nepali lawmakers suspect, the embassy statement also denies that Nepal has lost territory due to the agreement. "The boundary in this area has actually moved towards the Indian side", says the embassy. "In other words, it is India that has lost some territory as a result of the rationalisation of the boundary in this sector".

PM [Prime Minister] Deuba's Home Minister has failed to satisfy opposition curiosity in parliament fuelling the already growing controversy.

Following is the text of the Indian embassy statement:

Recent press reports that have appeared in several Nepali newspapers on the subject of manipulation of boundary pillars on the Nepal-India border to Nepal's disadvantage are "factually incorrect and motivated."

They refer to a number of unrelated aspects of the ongoing boundary work (which is a continuous process). It may be emphasised that the Nepal-India boundary was demarcated in the 19th Century. As it is natural that rivers change their course over time, "identification" of the boundary in the riverine segments — about 550 kms — was started in accordance of "basis" maps "jointly identified" by a joint committee of both governments of India and Nepal.

A study of related documents clearly shows that with the rationalization of boundary line in the Bhadrapur area, the boundary in this area has "actually moved towards the Indian side." In other words, "it is India that has lost some territory as a result of the rationalization of the boundary in this sector."

In some sections of the press it has been alleged that a decision to remove residents within 15.2 km area of Nepal-India border has been taken. "This statement is

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factually incorrect." To explain it simply, at various points on the border totalling 15.2 kms, "encroachments have been identified on both sides in Kishangunj area." This identification of encroachments is also as per the jointly agreed base maps, ie, "both the teams agree that these are encroachments." The decision to construct pillars in the encroachment area is yet to be taken. "These encroachments" incidentally are, in most of the cases, generally of the order of 10 to 15 metres on both sides of the border, ie, "in no-man's-land."

There is no question of boundary pillars being manipulated to the advantage of either Nepal or India. Far less are the possibilities of forcible alteration of any of the boundary lines. Above all, it is emphasized that in the overall rationalisation of the border, neither Nepal or India will accrue 'plus' land.

Nepal: Bank Official Says Finance Minister's Dollars Legal

BK2807140396 Kathmandu THE KATHMANDU POST in English 28 Jul 96

[Received via Internet]

[FBIS Transcribed Text] KATHMANDU, July 27 — The possession of a foreign account by the Finance Minister Dr. Ram Saran Mahat is within the laws of the country and the issue is based on other factors than legal aspects, say advocates.

The Foreign Currency Regulation Act of 1962 allows Nepalese working in foreign countries to open account in the country they are working, while Nepalese citizens residing in the country earning foreign exchange needs to declare and convert the currency within a month to Nepal Rastriya Bank (NRB).

Dr. Mahat comes out clean as far as legal aspects are concerned, says advocate Radheshyam Adhikari. The confusion started due to misunderstanding of the laws which clearly categorizes foreign earnings into two types.

Since the issue came to light, the members of parliament of the opposition Nepal Communist Party (UML) [United Marxist-Leninist] has been demanding Mahat's resignation on legal and moral grounds.

However, Talking to The Kathmandu Post Saturday [27 July] Dr. Mahat said he has done nothing to violate the existing laws of the nation.

He opened the account eight years ago while at the services of the United Nations Development Project (UNDP) and was unable to close his account when he moved to Nepal in 1991 due to differences with the bank on financial matters.

Dr. Mahat claimed he and the bank has been exchanging claims and counter claims since then and was simply impossible to close his account immediately.

However, he said he had applied with NRB for the transfer of funds on July 4, 1996 and was approved on July 15, before the issue even surfaced.

As part of UNDP, he was exempted from paying taxes on his income and did not have to pay any taxes to the Nepalese government.

He said he filed the required papers following the newly introduced NRB laws required by individuals returning to Nepal to declare their income with 120 days. He has also declared the account in the property statement handed by cabinet members which has not been made public yet, he added.

Meanwhile talking to RSS [Rashtriya Samachar Samiti], NRB Governor Satyendra Pyara Shrestha said Dr. Mahat had acquired approval from the bank to transfer the money from his New York bank to Nepal.

It is improper to say the money legally earned and deposited by Dr. Mahat in his account as illegal, the governor said. Even though a lot of improvements have been made on policy matters relating to economic liberalization, some practical problems still exist as a lot remains to be done for improvements of the existing laws.

NRB has been issuing 120 days notice from time to time to simplify the procedures for all Nepalese citizens earning abroad to transfer their money to Nepal, he said.

Pakistan

Pakistan: U.S. 'Pressure' Against Economic Ties With Iran Noted

BK2907070096 Rawalpindi NAWA-I-WAQT in Urdu 28 Jul 96 pp 3, 10

[Report from NAWA-i-WAQT bureau in Quetta]

[FBIS Translated Text] U.S. pressure against Iranian investments in Pakistan is mounting and the Pakistan-Iran Oil Refinery has been renamed as the Balochistan Oil Refinery. According to a local newspaper, the U.S. authorities have asked Pakistan to cancel the investment and industrial projects started with Iranian cooperation, or else the U.S. Government may consider stopping economic assistance to Pakistan. After this threat, it is feared that the project of building a coastal highway from Liyari to Mara will be stalled, as an Iranian international company has recently signed an agreement for this project.

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Pakistan: Report Says ISI Purged of Extremists on U.S. 'Order'

BK2907065496 Karachi JASARAT in Urdu 27 Jul 96 pp 1, 7

[NNI report]

[FBIS Translated Text] The caretaker prime minister, Balakh Sher Mazari, ordered the retirement of Lt. General Javed Nasir and the appointment of Javed Ashraf Qazi as ISI [Inter Service Intelligence] chief under the instructions of President Ghulam Ishaq Khan, and a copy of the notification to this effect was also sent to the U.S. ambassador in Islamabad. According to a report, the day after assuming the office of caretaker prime minister, following the dismissal of the Nawaz Sharif government, Balakh Sher Mazari received a phone call. Prime Minister Mazari was very nervous while talking to the caller and said to him: "All right, sir, I will issue the notification immediately and will send a copy to the U.S. ambassador too." According to the report, what happened in the ISI after its take over by Javed Ashraf Qazi was even noted by the U.S. magazine NEWSWEEK. The magazine reported that on the order of the Americans, scores of Islamist officers were thrown out of the ISI, and it was also during these days that the liberation movement in Kashmir suffered setbacks.

Pakistan: Government Cancels Food, Fuel Permits for Afghanistan

BK2907041196 Islamabad THE NEWS in English 28 Jul 96 p 1

[Report by Behroz Khan]

[FBIS Transcribed Text] Peshawar — Afghanistan's problems of food and fuel shortage may further worsen with the decision by the Pakistan government to cancel all permits issued by the ISI [Inter Service Intelligence] for the supply of these items of daily use.

The federal government's move to dose the Torkham border for all kinds of transportation on the permission granted by the ISI has come just a week before the scheduled visit of a high level Afghan delegation to Pakistan. The delegation which will reach Islamabad on August 2 is led by Afghan interior minister Yonus Qanuni. Kabul has time and again blamed Islamabad, specially the ISI for helping and supporting the anti-Rabbani forces.

'We have received the orders not to allow entry of the food stuff, fuel and vehicles to Afghanistan on permit issued by ISI' informed officials of the political authorities of Khyber Agency. An informed source told The News that a number of permits which were issued to various commanders in the past, stand canceled and the decision is being strictly implemented from Thursday [25 July]. All the permits issued to passenger buses and private vehicles, a border source said have also been canceled.

The imposition of heavy taxes ranging from Rs.[rupees] 15.000 to Rs. 20.000 per truck by District Council, Peshawar on food and fuel supply to Afghanistan is yet another factor to discourage the cross border trade. New permits for the supply of the daily use items to Afghanistan are being issued by the State and Frontier Regions (SAFRON) from Islamabad.

A source also claimed that the decision was taken in order to streamline the transportation of the stuff in line with Islamabad Policy on Afghanistan on the other.

It is also learnt that the Afghan delegation will discus the possibilities of opening up the Torkham-Kabul-Hairatan-Sher Khan Bandar route to provide Islamabad the trade access to Central Asian states. The offer, sources said was likely to be made by Kabul. The two sides are also scheduled to explore ways and means for opening a market in Pakistan to shift the dry and fresh fruit from Afghanistan. The fruit supply was suspended from Afghanistan since long as relations between the two countries were severed following the attack on Pakistan's embassy in Kabul. The delegation, sources said would also try to convince Islamabad to reopen its embassy in Kabul which was closed down in September last year.

Pakistan: Agencies Alert Government Against More Terrorist Attacks

BK2707134396 Islamabad PAKISTAN in Urdu 27 Jul 96 p1

[By unidentified staff reporter]

[FBIS Translated Text] Islamabad — Sensitive organizations and intelligence agencies have cautioned the government that the next target of the saboteurs and terrorists could be hospitals, the Water and Power Development Authority [WAPDA], and telephone exchanges in the country. The federal government has therefore instructed these three organizations nationwide to take strict security measures and deploy more guards at installations to coordinate security arrangements and to make them more effective. At all three hospitals in the federal capital, Islamabad, baggage will be checked and the general public will be allowed to enter the premises only after undergoing a thorough search. A barbed wire fence will be erected around all WAPDA electricity-producing installations. Strict security arrangements are being made, and strict measures taken, in and around all

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telephone and customs service offices, the Blue Market area, the F-8T and T-G9 areas, and the telephone head office, located in front of the Assembly Hall.

Pakistan: Government Invites JI Chief Qazi for Talks

BK2607094996 Peshawar THE FRONTIER POST in English 26 Jul 96 p 1

[PPI report]

[FBIS Transcribed Text] Karachi — N.D. Khan, the federal law minister for law, justice and parliamentary affairs, sent a letter Thursday [25 July] to Qazi Hussain Ahmed, the chief of JI [Jammat-i-Islami] inviting him for talks.

"In the letter sent through JI Secretary General Munawar Hasan, he asked JI leadership to nominate a negotiating team so that talks could be initiated as discourse is imperative for continuation of democratic process and solving political problems", he said addressing a press conference here at Qasi-i-Naz.

He urged the JI leadership to raise political problems on floor of the assembly and hold talks but not bring people on streets. He said doors for talks could never be closed by anyone in democratic atmosphere and I hope he will accept government's offer for talks, he added.

He said I am in touch with several political and religious leaders on behalf of government and have had a detailed discussion with Maulana Shah Ahmed Noorani, chief of JUP [Jamiat-i-Ulema-i-Pakistan] and MYC [Milli Yakjehti Council]. "He said he met Prof. Ghafoor Ahmed, naib ameer [deputy chief], JI, Ajmal Khattak of ANP [Awami National Party], Ishtiaq Azher of MQM [Muhajir Qaumi Movement] and others and apprised them of contention of government and listened to their point of view.

He said agitation was not solution of problems which could be solved through negotiations in a democratic system. He cited examples of global issues such as PLO [Palestine Liberation Organization] movement, Nagaland dispute, etc., which were solved by talks.

He stressed on a national consensus on Kashmir issue, nuclear plan integrity of the country, law and order in Karachi, the 8th Amendment and women seats. He said there was a national consensus that corruption should be eliminated from the country and the accountability process initiated.

Sri Lanka

Sri Lanka: Government Soldiers Capture 'Key Town' From LTTE

BK2707085096 Hong Kong AFP in English 0622 GMT 27 Jul 96

[FBIS Transcribed Text] Colombo, July 27 (AFP)—Sri Lankan government soldiers captured a key town from Tamil Tiger guerrillas in a major offensive Saturday [27 July], as fierce fighting left nearly 60 combatants dead, defence officials said.

Hundreds of infantry troops backed by tanks, artillery and air cover advanced 10 kilometers (six miles) into territory held by the Liberation Tigers of Tamil Eelam (LTTE) to take the northern town of Paranthan, the officials said.

"The Tigers had an earth-filled bund and trenches running for 400 meters (yards) on either side of the main approach road," an official said. "Tanks did a flanking move and thereafter the infantry mopped up Tigers in bunkers."

He said most of the rebel fighters in the bunkers were women, known as "Freedom Birds." The military estimated that 40 rebels were killed and about 100 wounded since early Friday [26 July].

Sixteen soldiers were killed, including an officer leading the front line troops in the offensive launched Friday from the garrison of Elephant Pass, located at the entrance to the northern peninsula of Jaffna, officials said.

The Tigers admitted to only two dead among their ranks.

"There was heavy resistance initially, but now it is reduced to sporadic mortar bomb attacks and sniper fire," a military official said, adding that air force planes continued to bomb behind rebel lines.

At least 56 soldiers wounded Friday were air lifted to a hospital in the north-central town of Anuradhapura. The LTTE, meanwhile, also killed two soldiers in an ambush in the northeastern village of Pulmuddoi, officials said.

At Paranthan, soldiers were setting up defensive positions on Saturday, before advancing further south towards the larger town of Kilinochchi where the Tigers have their political headquarters.

The LTTE shifted its political offices to Kilinochchi from Jaffna, where they had maintained a de facto state for five years before the Sri Lankan army drove them out this year.

The Tigers recently asked civilians to move out of Paranthan, saying the army would advance on the town,

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better known for its large chemical factory, and make their way to Kilinochchi, where some 100,000 Tamils from Jaffna have taken refuge.

The LTTE's Voice of Tigers radio said the military was bombing civilian targets in Kilinochchi. Some international aid agencies in the area, including the United Nations Commissioner for Human Rights, have moved to safer places.

The rebel radio said only two guerrillas were killed Friday, but gave no casualty figures for the military. It said heavy fighting was raging in the region.

The military offensive, which came days after the LTTE smashed an army base in the northeast, was the biggest by Sri Lanka since it wrested control over the Tiger citadel of Jaffna in April-May.

Analysts saw the latest military action against the LTTE as retaliation for the loss of the garrison at Mullaitivu, where the Tigers say they killed 1,208 soldiers for the loss of 241 of their fighters after an assault on July 18.

Defence sources said the government was preparing to admit the loss of more than 1,000 soldiers in the Mullaitivu debacle, the worst suffered by the military in their drawn-out battle against the Tigers.

The Sri Lankan opposition and families of the victims are demanding more information about the dead from the authorities. The local media, which is subject to censorship, is yet to announce the massive losses at Mullaitivu.

Meanwhile, Colombo and its suburbs remained under tight security ahead of the funerals Saturday of 70 passengers killed in a suspected Tamil Tiger bomb attack on a commuter train near here Wednesday [24 July].

The Tigers have denied involvement, but Sri Lankan officials maintained that the LTTE was to blame.

Sri Lanka: Troops Still Fighting To Recover Mullaitivu Base

BK2807144096 (Internet) Tamil Eelam News WWW in English 26 Jul 96

[FBIS Transcribed Text] Sri Lankan troops reinforcements which landed near the Mullaitivu base by sea and air are still struggling to reach the camp amidst heavy mortar fire from the LTTE [Liberation Tigers of Tamil Eelam] forces who are well entrenched in the military camp. In the battle that is raging for the last eight days more than 100 soldiers were killed and twice the number injured.

Though the army reinforcements established a beachhead about 2 km from the southern perimeter of the base, serious logistical problems have arisen as a consequence of intense mortar attacks on landing crafts by the LTTE. Further, more Sea Tiger units that patrol the coastal area pose serious threats to the Sri Lankan Navy. Last week a Sri Lankan naval ship with 40 sailors was sunk by Black Tigers. While a battalion of 1200 troops is making desperate efforts to reach the camp, the Sri Lankan naval gun boats, fighter bombers and artillery based in the Mankindimalai Army base have been unleashing indiscriminate bombardment on villages surrounding Mullaitivu town, forcing tens of thousand of civilians to flee from their homes.

In the meantime, there is a build-up of troops at Elephant Pass Army base from where Sri Lankan forces have launched blind shelling on civilian targets around Kilinochchi town causing civilian casualties.

The claim made by the Sri Lankan Defence sources that the Mullaitivu base has been re-captured by the army reinforcements was dismissed by a LTTE spokesman as a deliberate lie. This is a gross distortion of the ground reality at Mullaitivu. The Sri Lankan Government is involved in a disinformation campaign to cheat the Sinhala nation and the world to cover up the grave military debacle it suffered at Mullaitivu, the spokesman said.

Two Black Tiger Martyrs of Mullaitivu Battle

Black Sea Tiger Sayanthan (Thambipillai Thurairatnam of Akkaraipattu, Amparai) Black Sea Tiger Mithupalan (Vetharanyam Jeganathan of Chankanai, Jaffna) — these two fighters were martyred in the historic attack on the Sri Lankan Navy during the course of the battle on the Mullaitivu water. In the attack two other fighters were also martyred. Eluchchiyan (Velupillai Pulenthiran of Karainagar, Jaffna) Alagarasa Kajananthan of Columbuthurai Road, Jaffna who is a member of the Tamil Volunteer Force. We salute these fallen heroes who gave their lives for the liberation of our motherland.

14 Sri Lankan Soldiers Killed in Manal Aru and Mullaitivu

Sri Lankan soldiers who tried to enter Mullaitivu through the jungles of Manal Aru on the morning of the 25th were attacked by LTTE forces. In the attack 7 Sri Lankan soldiers died on the spot. Their arms and ammunition were captured by LTTE fighters. In another similar attack in Mullaitivu, LTTE forces attacked and killed 7 more Sri Lankan soldiers and took the following arms from them. AK LMG-01, T56-3, T56-1-3

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Sri Lanka: LTTE—Army Withdraws 'in Total Disarray'

BK2807144596 (Internet) Tamil Eelam News WWW in English 27 Jul 96

[FBIS Transcribed Text] Over hundred soldiers were killed and several wounded from LTTE [Liberation Tigers of Tamil Eelam] fire when army made a clumsy and disorganised withdrawal yesterday. Having fought a futile battle for eight days to regain the lost base and having suffered heavy casualties from intense LTTE mortar fire, the army reinforcements withdrew in total disarray leaving the dead and heavy weapons behind them. The LTTE fighting units opened heavy fire on the fleeing soldiers and inflicted heavy casualties.

With the withdrawal of the army reinforcements the strategic Mullaitivu town and the surrounding areas are now under the control of the Liberation Tigers. Responding to the call of the LTTE, thousands of displaced people are returning to their villages in Mullaitivu. More than 50,000 people were forced to flee from their villages because of indiscriminate aerial and artillery bombardments by the Sri Lankan forces.

As a face saving exercise from this humiliating military debacle at Mullaitivu, the Sri Lankan armed forces launched a sudden offensive operation on Kilinochchi yesterday. The operation began yesterday morning with thousands of troops supported by heavy artillery and aerial bombardment. Heavy fighting broke out and continued all day yesterday, between the LTTE fighting formations and the army. Facing stiff resistance from LTTE mortar fire, the Sri Lankan armoured division reached the outskirts of Paranthan two km from Elephant Pass military camp. As the offensive started with heavy artillery barrage on civilian areas, scores of people were killed and tens of thousands fled from the areas. About one hundred thousand people are now displaced and Kilinochchi is reduced to a ghost town now. Thousands of this uprooted population have now taken shelter along the main road to Mankulam 30 km from Kilinochchi and facing extreme difficulties.

Martyrs of Mullaitivu

From the 18th of July up to the 25th of July, 279 LTTE fighters have attained martyrdom in the battle fields of Mullaitivu.

Non-Governmental Aid Agencies Vacate Kilinochchi

The NGO's [nongovernmental organizations] whose offices were based at Kilinochchi have vacated their offices due to Sri Lankan army shelling and bombing. The NGO's have been forced out of their offices. The ICRC [International Committee to the Red Cross] and the M.S.F. [Medecins Sans Frontieres, Doctors Without Borders] have shifted to Maddu in Mannar, while Oxfam [Oxford Committee for Famine Relief] and UNHCR [United Nations High Commission for Refugees] have shifted their offices to Kanakarayankulam. Kilinochchi hospital is now non-operational because the M.S.F. doctors have fled after intense Sri Lankan army shell fire.

Situation Worsens in Jaffna Peninsula

People escaping from the Jaffna peninsula is on the increase. The trickle is considerable though it has not reached heavy proportions. After the loss of Mullaitivu base, the Sri Lankan army atrocities are on the increase in Jaffna. Arbitrary arrests of young men and women are going on daily. All types of educational activities are now at a standstill. The university students cannot move freely as they will be arrested if spotted by the armed forces.

On the 19th of July, a massive search operation was conducted in Navatkuli. The people of the area were herded together into the Koilakandy school buildings. Several young girls were blind folded and taken away to unknown destination by the army. They are held incommunicado the fate of those young girls is not known. On the 18th of July a similar massive search operation was conducted in Thirunelvely where the Jaffna university hostels are located.

Sri Lanka: Report Updates Troops' Operation Against Tamil Tigers

BK2907022696 Colombo DAILY NEWS in English 29 Jul 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Troops backed by tanks and helicopter gunships captured the Paranthan area during their massive operation Sathjaya launched last Friday [26 July] from a major base at Elephant Pass.

After initial stiff resistance from the Tigers, troops having cleared booby traps set by the Tigers are now consolidating themselves. The troops are continuing to advance further south towards the LTTE [Liberation Tigers of Tamil Eelam] stronghold, reports said.

A military spokesman said there were no civilians fleeing the Paranthan area as certain reports tried to make out. This area had been devoid of civilians as far back as 1991. The civilians were forced to flee by the Tigers in 1991 when the Tigers wanted to overrun Elephant Pass after it came under heavy attack by troops, he said.

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Operation Sathjaya is aimed at destroying all LTTE cadres and their strongholds in the mainland of the northern province. The offensive which began with an indefinite curfew until further notice, continued on Sunday [28 July].

Reports said MI-24 helicopter gunships blasted several Tiger bunkers as they thrust forward towards south.

A Colombo datelined Reuter report adds: Sri Lankan security forces said on Sunday they plan to attack northern Tamil rebel strongholds in their latest thrust as the guerrillas said more than 100,000 civilians had fled the targeted town of Kilinochchi.

An army spokesman said troops were consolidating their positions after capturing the town of Paranthan, just south of the Elephant Pass base at the neck of the northern Jaffna peninsula, the rebels' former stronghold.

Troops were clearing mines and boobytraps planted by retreating rebels at Paranthan, he said.

"Troops will continue to advance further towards (rebel) strongholds in other areas of the mainland," once the consolidation was complete, he said.

Troops backed by tanks, artillery and air support, launched their offensive from Elephant Pass on Friday, heading towards the rebel-held town of Kilinochchi.

Foreign Minister Lakshman Kadirgamar told reporters on Sunday there were some 150,000 people in Kilinochchi. Diplomats said hundreds of people and most international aid workers had fled the town soon after the military offensive started.

Kilinochchi, on the road between Jaffna in the far north to Colombo in the south, became a major rebel centre after the Sri Lankan military retook the Jaffna peninsula in a long campaign that ended in April.

The new offensive started shortly after the Liberation Tigers of Tamil Eelam (LTTE) overran an army camp at Mullaitivu on the northeast coast.

It was the bloodiest attack in their 13-year war for an independent homeland for minority Tamils in the Indian Ocean island's north and east.

The government says more than 50,000 people have died in the war.

It has accused the rebels of planting two bombs on a packed Colombo train that killed 57 people soon after the battle at Mullaitivu. The rebels deny the charge.

One of the aims of the latest army offensive was to relink the fallen northern guerrilla capital of Jaffna with Colombo, 320 km (200 miles) to the south, military officials said.

The military now relies on the air force and the navy to send men and material to bases in the peninsula because the rebels control much of the road linking Jaffna with Colombo.

Kadirgamar said the offensive was also aimed at clearing the way for civilians to return to Jaffna.

Air Force planes attacked guerrillas resisting the army's latest push on Saturday [27 July], the spokesman said.

The Defence Ministry has said at least 42 rebels were killed and more than 100 wounded in the army's latest push.

It said that 17 soldiers were killed and 36 wounded in the fighting when the troops advanced some six km (four miles) to the town of Paranthan.

Sri Lanka: Troops Consolidate Position in Paranthan; One Major Killed

BK2907114396 Colombo Sri Lanka Broadcasting Corporation International Service in English 1045 GMT 29 Jul 96

[FBIS Transcribed Text] Troops of Operation Sathjaya are consolidating their positions in the newly liberated areas around Paranthan. They are clearing the town of LTTE [Liberation Tigers of Tamil Eelam] land mines and booby traps. The Sathjaya offensive was launched on Friday [26 July] from the Elephant Pass Army Camp. The Operational Headquarters of the Defense Ministry says that more civilians were living in the Paranthan area. The town had been used by the terrorists to launch attacks on troops at Elephant Pass. One of these attacks led to the fierce battle for the Elephant Pass camp in 1991. The military says that the terrorists drove away the civilian population at Paranthan during this battle. The Tigers had fortified the area to prevent the security forces from moving south. They had engaged advancing troops on several occasions after such drive was launched. However, the Operational Headquarters maintains that the resistance was overcome with superior firepower. The security forces are due to resume the offensive once they have finished clearing the Paranthan area.

Meanwhile, Major T.A. (Phakir) was killed by a terrorist sniper during an inspection tour of Puloli South in the Vedmarachchi area yesterday. Another LTTE cadre tried to throw a hand grenade at an army checkpoint in the Udupiddi area. However, troops manning the checkpoint shot him dead. In a separate incident at Pulmoddai in the Trincomalee District, terrorist explosives killed two soldiers and injured three others. The Operational Headquarters said in a communique yesterday that one officer and nine soldiers were killed in a confrontation with terrorists at Tangapoo in Chavakachcheri around 1115 last morning. The communique added that after a fight which lasted about 15 minutes, the terrorists fled the area. According to ground troops, the terrorists also suffered casualties.

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